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Wednesday November 23 1977

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FINANCIAL TIMES



The Seal of Quality with
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Albert Rd, W.H., Regents
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NEWS SUMMARY

BUSINESS

Concorde pens service with record Equities fall 3.5%; \$ loses ground

EQUITIES closed 3.5 down at 471.8. Initial selling depressed the market but there was a recovery among leaders in the late afternoon and after hours business.

GILTS index fell 0.30 to 751.2, a 2.52 loss in four days.

STERLING and the dollar lost ground in the foreign exchange market. The pound closed at \$1.8100, for a rise of 5 points, its trade-weighted Index

rose 23 minutes. The Air

line Concorde landed at 5.30pm to be followed two minutes later by the flight from London.

A small group of protesters gathered but did not interfere with the arrival of the aircraft or departure of the passengers. Among the passengers were Mr. Edmund Dell, Secretary for Trade, and Mr. Gerald Kaufman, Minister for Aerospace. Back page: Men and Machines, Page 10.

cyclone deaths At least 10,000 people have died in India's worst cyclone disaster in a century. Twenty-one villages in the southern State of Andhra Pradesh were washed away by tidal waves and 44 other villages also suffered extensive damage. Help the Aged in £15,000 to help provide food, shelter and medical care.

tire flyers About one quarter of the extra 600 troops that will be deployed in tire fighting units will act as flying columns "to help protect high risk urban areas. They will only be called out, however, if an incident has already been shown to be a major one." Back page.

asque attack Unseen men machine-gunned and sniped at a civil guard barracks in Munguia, near Madrid. No one was hurt in the attack for which the Basque separatist organisation ETA claimed responsibility. In Pamplona, a bomb wrecked a building set to a civil guard building.

utch hope Irish Christian Democrat and several parties have produced a programme for a Centre-Right coalition government to replace the caretaker cabinet of Mr. De Valera, Prime Minister, which has been in office since the elections. Earlier attempts to form a Centre-Left government collapsed. Page 6.

ood rescue British helicopters rescued Europeans, mainly British, from floods in southern Somalia. They had been trapped on a hillside. Five Somalis who tried to run to safety were drowned.

iefly . . . Parole Board decided not to release George Ince, who is serving a 15-year jail sentence for his part in a silver bullion robbery.

y Amalia Fleming has won a seat in the Greek Parliament, is among 12 deputies nominated by their parties according to their share of last Sunday's election vote.

Shirley Williams, Education Secretary, is threatening to legal action to force Buckingham County Council to submit plans for a comprehensive school system.

revers have discovered a pistol and ammunition in Stuttgart prison where members of the Baader-Meinhof group committed suicide last month.

absent-minded bank robber Dusseldorf left his \$13,400 in a plastic bag on a tram, neatly packed in dices, was found by the tram driver.

people were arrested in total last night after scuffles broke out at a National Front meeting, during which an assistant chief constable was hit in the head by a bottle.

IEF PRICE CHANGES YESTERDAY

(ices in pence unless otherwise indicated)

RISES

ington Vinyl ... 551 + 23

1st Radiovision ... 150 + 14

Cinema ... 123 + 88

borough (FMS) ... 50 + 10

continental ... 675 + 25

FALLS

s. 10pc 1982 ... 593 - 34

s. 11pc 1981 ... 6105 - 21

Rubber ... 168 - 11

Commonwealth 276 - 9

sh Inv. (John) ... 227 - 6

Inds. ... 27 - 34

Leisure New ... 30 - 8

Mail A ... 303 - 7

a Rue New ... 174 - 7

Photographs ... 150 - 8

Printed Chemical ... 73 - 8

1 Nominal, 1 Premium.

Western economies need stimulus OECD warns

BY ROBERT MAUTHNER, Paris Nov. 22

The Western world faces a critical economic situation next year. Urgent action is needed by some of the major Organisation for Economic Co-operation and Development member States to expand their economies, according to the OECD secretariat.

It expressed these views at an inconclusive two-day meeting of the Organisation's Economic Policy Committee.

Two of the most important member States, West Germany and Japan, indicated during the meeting that they were unwilling to take the stimulatory measures called for by both the secretariat and several members, including the U.S.

Delegates of most member countries admitted after the meeting that the economic strategy worked out at last May's London summit and by successive OECD meetings, had virtually failed.

Brave face

In particular, the target of a growth rate of 5 per cent for the OECD area as a whole in 1978 would not be reached, nor was the objective for an average annual growth of 5 per cent, from 1976 to 1980 any longer attainable after this year's disappointing expansion rate of 3.5 per cent.

Sir Douglas Allen, the British chairman of the Economic Policy Committee, tried to put a brave face on the proceedings by pointing out that the sum of the growth objectives submitted by the member states indicated that a 4.5 per cent.

falling to 63.3 (63.7). The dollar touched its lowest level against stronger currencies, its depreciation widening to 2.52 per cent. (2.49). The yen touched a record ¥249.25 against the dollar.

GOLD fell \$1 to \$157, a fall of \$11 in three days' trade.

WALL STREET closed 4.41 up at \$425.

JAPANESE stock market fell to its lowest level since last December as apprehension over Japan's exports and economy mounted, following a further marked strengthening of the Yen.

IMF is asking member states to approve higher quota increases than it originally demanded because of liquidity worries. Back page.

NCB Pension Fund and the Midland Bank will co-operate to provide equity finance for medium-sized companies. Page 8.

MANUFACTURING orders worldwide slumped during the last quarter to their lowest level since June, 1968. Page 7.

North Sea oil swap

MURCHISON and Statfjord Field North Sea oil operators may conclude a deal to swap output. Page 8.

INDUSTRIAL DEMOCRACY White Paper may not appear until the spring, but will be based on the Bullock Report and TUC views on disclosure and consultation. Page 11.

POLAROID Corporation is to abandon direct sales to South Africa, after learning that its sole distributor had been selling to the South African government. Back page.

COMPANIES

COMET RADIVISION Services pre-tax profit was £3.88m. (£1.47m.) on turnover £82.92m. (£47.4m.). Page 32.

TRAFAIR GAR House has made its expected bid for Fairley nonaviation interests. Page 34.

ELECTROLUX has made a £1.1m. bid for Husqvarna, the Swedish kitchen equipment to motorcycle group. Page 37.

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Scotland Bill vote defeat shakes Labour

By Richard Evans, Lobby Editor

THE GOVERNMENT suffered a major psychological defeat in the Commons last night when the first clause of the Scotland Bill was rejected by a combination of Conservative, Liberal and Nationalist votes.

The clause, a declaratory one introducing the legislation regarded by ministers as the most politically important of the session, does not affect the major proposals contained in the Bill for devolving powers to a Scottish Assembly.

However, its rejection by 151

(199-154) came as a

startling reminder to ministers

of the Government's vulnerabil-

ity in spite of the continuation of the Lib-Lab pact.

The Liberals, whose support has kept Mr. Callaghan in office relatively comfortably since last March, decided to oppose the clause as unrepresentative of the

Government's policies.

They do not affect the unity of the U.K. or the supreme authority of Parliament in making laws for the U.K. or any part of it," it continues.

Having secured the guillotine timetable, the Bill's committee stage comfortably last week, Ministers were confident that the measure would go through the Commons relatively easily, and were totally unprepared for the shock defeat.

All 11 Scottish Nationalists,

the three Plaid Cymru MPs, and all six Liberals present voted

against the clause, with the Conserva-

tives, several Labour MPs

and abstaining SNP MPs, though

they had taken the opportunity to

make an effective gesture which showed how rapidly they could

pull the rug from under the Government, should the necessary arise.

GUILLOTINE

The first clause of the Bill—

just one paragraph—states that

the provisions of the Act make

changes in the government of

Scotland as part of the U.K.

"They do not affect the unity of

the U.K. or the supreme

LOMBARD

Cost of current cost accounts

BY ANTHONY HARRIS

THE APPEARANCE of the Hyde out of future earnings, it is illogical to charge its cost to earnings even before the investment is made. If realistic depreciation is illogical, bad luck to logic, you may say.

However, there are more substantial points to come. First, Morgans point out that "holding gains" are a perfectly legitimate business objective—the main objective of a trading concern, and an important part of management in any concern. If they are excluded from accounting profits, management will put its effort in the wrong place.

Furthermore, undiluted Sandlands, by eliminating holding gains from profit, might have misled companies into thinking that borrowing was a drain on profits even when the rate of interest was lower than the rate of inflation. Because the ratio of interest to Sandlands profit would rise as inflation rose, borrowing would indeed be especially discouraged when it was in fact most profitable.

This basic issue of financial conservatism seems to me the really fundamental one. It appears to be generally assumed that almost any adjustment which reduces reported profits, and thus dampens down the demands of shareholders and employees, is sound business; but is it? Hyde accounts, according to Phillips and Drew, will reduce reported profits by about 32 per cent, instead of 40 per cent, or more for pure Sandlands, but the reduction will vary widely from one company and one industry to another.

That is what has now appeared from Morgan Grenfell, the merchant bankers. They argue that Sandlands was wrong on absolute fundamentals: that the practical system recommended by Sandlands and enshrined in ED 18, would have misled company directors into silly financial decisions; and that even the Hyde version should preferably be relegated to a footnote.

The radical criticism of Sandlands seems to be completely new, which is quite an achievement after so much argument has gone on, but perhaps rather academic. Morgans point out that Sandlands defined profit as the difference between revenue and the value to the business of the assets consumed in producing that revenue. However, since the value to the business includes any profits which this definition can earn, this definition leaves no room for any profit at all, except from faulty valuations and windfalls. The whole intellectual foundation proves to be an argument chasing its own tail.

The point is academic because Sandlands largely abandoned the attempt to measure value to the business, and went for the more straightforward notion of replacement cost. Here Morgans make the rather more questionable point that since an investment is expected to pay its keep

A lot of what you like does your design good

DOES IT MATTER how you design your garden? I was asked recently from an audience which tended to think that it did not. There were certain basic principles, they felt. Paths must take the shortest line between two points and must not lead nowhere. Island beds should be avoided; borders were best when they ran in a straightish line away from a window of the house, so that you would look to be covered almost entirely with single plants. Gaps and noticing only the features of the moment.

Tall plants should go at the down to vegetables and countless banks, flights of steps or trees, and lightly underplanted. The middle of the square should be grass, so that children could run out on to it. It should have a few fruit trees, a seat and be cut up by another two beds, protruding from the borders round the walls. From then on, it was all up to the gardener and his choice and placing of his plants. Landscaping architects were strictly for roundabouts and sports fields, not for private gardens. They are always praising wildness in a garden, and what was wildness but a free use of plants by an imaginative gardener? Otherwise, they knew too much about concrete.

To this optimistic view, I do not know any really well-known book about garden design I note with interest that the

gardener who lists herself as and thus stopping your eye from smaller of the two, so that its mark off a good garden from a ever be one. Every site varies. At best a photograph may suggest a plan to you, but I doubt if you would ever transfer one wholly from page to plot. Photographs, then, are the central merit in such books and it is regrettable that photographs enjoyed only a brief spell of serious use by most publishers. Before, say, 1960, there is not much which can set you thinking, for the big volumes on Country Gardens, published in the fine old Country Life Series in the 1900s are now collectors' items. There is a grand Home Counties' hotel style to those thick rustic pergolas and gate-piers in G. S. Elgood and G. Jekyll. Some believing that light enlarges it

price. The lesson I learnt above all from this book was the value of shade and light in small spaces. There is a fine photograph of a stage-designer's small garden which she had masked with an unendowed in just such long and intersecting thick tangle of a ball of string before we set rampart climbers. She explained this by her belief, learnt in the theatre, that a completely screened background gave depth and illusion to a small space. Results bear her out but nobody has ever put this on paper so clearly. Before you white-wash your small back garden, do not lose the mystery in a maze.

GARDENS TO-DAY

BY ROBIN LANE FOX

English Gardens (1904). Jekyll and Weaver's Gardens for Small Country Houses (1913) and H. A. Tipping, Gardens Old and New. Buy the books, if you find them. Otherwise, look elsewhere, unless you can weed out and scale down.

One slim book which could well be reprinted is the New Small Garden, by Lady Allen and Susan Jelliffe. Issued in 1956 by the Architectural Press, its pictures of a dozen or so small gardens have been a fertile source of ideas to many of the town gardener to whom

you are advised to think very carefully about design.

It is possible to shape the ground, change its levels or undertake earthworks, as the garden cannot be reached by machinery. In these settings, where there is nothing much in your favour, you are advised to think very

carefully about design.

I do not know any really well-known book about garden design I note with interest that the

borrow this little book from a library and ponder it.

Equally, those in a bright sunny garden in the country could consider a case of the opposite treatment. Against a wall, it would be no trouble to lay the base of these with borders as my largely rural

questioners suggested. Nor is it possible to shape the ground, change its levels or undertake earthworks, as the garden cannot be reached by machinery. In

these settings, where there is nothing much in your favour, you are advised to think very

carefully about design.

The long, thin garden remains a famous problem. You can break it up by putting a few of your taller plants into the foreground. You can swing the line of your design from one side

wall to the other, crossing from

one point of vision to the next

aware of the limits of money.

The about half-way down the garden and narrowness. Put one, the designs at your own expense

Good example

There is a good example of the visiting of just such a site to The Small Garden, compiled by John Brookes for Marshall Cavendish this year at £3.95. In many ways, this is a coloured successor to the black and whites of the 1956 little volume. Similar problems are met with ranges of coloured photographs and a almost, in a long rectangle turn

of black tulips, so smart and striking, yet seldom considered by gardeners who tend, rather, to whitewash and then mask the results with mere greenery.

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Going will suit Bachelor's Hall

THIS YEAR'S race for the Hennessy Cognac Gold Cup, which maintains its place as one of the five richest in the British steeplechase calendar, promises to be one of the best in the history of the prize.

The cognac race, which comes of age on Saturday, with its 21st running, will have another field even if Gordon Richards

posed of Forest King at Carlisle early this month, while Royal Marshall II ran a fine trial to finish third to Bit of Mandy at Wincanton.

This afternoon, at Fontwell, Fred Winter, whose highly-rated young chaser, Show Flyer is now almost ready to make a comeback following leg trouble, could well be on the mark with both Mauritius and Rough and Tumble. The last-named, among the runners for the Avistord Novices Chase, should win with the minimum of fuss provided he suffers no momentary lapses of concentration.

FONTWELL
1.00—Leadville
1.30—Royal Exchange
2.00—Southwicks
2.30—Mauritius**
3.00—Rough and Tumble**
3.30—Deep Memories

WORCESTER
1.15—Somerville
1.45—Tensir
2.45—Everything**
3.45—Touch of Spring

More money urged for sport

Financial Times Reporter

SPORT NEEDS more money and a more even spread of facilities in spite of the record numbers of people taking part, according to Sir Robin Brook, chairman of the Sports Council, in a five-year review of the council's work.

Although Sports Council grants had increased from £500,000 in 1971-72 to nearly £2.5m. in 1976-77, sport remained the "Cinderella" of public spending.

There continued to be an overall lack of money for new projects and reluctance by those who controlled sports facilities in education, industry and the armed services to open them to the public, Sir Robin said.

He was concerned at the lack of provision for school leavers, a problem highlighted in the Wolfenden report of 1968—which resulted in many young people giving up sport completely. Any grant increases to the Sports Council had been taken up with additional costs, leaving only marginal sums for new development, he said.

While waiting for an improvement in the national economy, the council was experimenting with low-cost facilities and conversions, developments in areas of special need, centres of regional administration, and a loan scheme to help voluntary organisations.

In front, as the 103 surviving competitors arrived in York for an overnight stay at the end of the rally's first day, was the Swede Bjorn Waldegard. His Escort holds a 42-second lead over the second placed Toyota Celica of Finn Hannu Mikkola, who is himself to rejoin the Ford team next season.

Nearly five minutes behind Mikkola is the Escort of Britain Russell Brooks, who set the fastest time on seven stages. Brooks' hopes of winning the declared himself to be playing a

Record £2,400 paid for campaign medal

A FIRST EDITION of Redouté's pottery and porcelain sale, Les Roses, with 168 hand-coloured plates, which was published in Paris between 1817-24, sold for £22,000 (double the estimate) at Sotheby's yesterday.

In a sale of English drawings and watercolours at Christies, totalling £22,600, a watercolour of people taking part, according to Sir Robin Brook, chairman of the Sports Council, in a five-year review of the council's work.

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SALE ROOM

BY ANTONY THORNCROFT

A self-portrait by George C. C. Lovell, of Bristol Prices, was offered at £1,000 for a piano which sold for £1,200.

A sale of musical instruments and manuscripts at Christie's totalled £24,734. A grande piano, by John Broadwood, d.

The lot was an East and West Africa medal, with one clasp awarded to Lieut. F. E. Hender-

son in 1897. The National Army Museum gave £1,700 for an Army Medal with four clasps, Marylebone "collectors" cent.

Two more East and West Africa medals; and the National Army Museum bought a Defence of India medal for £2,000 each.

A Brighton doll museum £220 for a pre-war tin Mouse with barrel-organ.

Salisbury totalled £17,345.

All set for a Ford benefit

AS SO OFTEN in the past, this year's Lombard-RAC rally stands poised to turn into a British Ford Escort benefit. Ford has won the tough 1,900-mile chase through the forests and mountains of Britain for the past five years. Last night Escorts held four of the top six places.

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cutting problems, and the drop from 23rd place from 5th of the rally's first day, was the Vauxhall Chevette of his rival for the championship, Penti Airikkala, who went off the road during the night with a failure.

Last year's winner, Brit Roger Clark, has been quietening his way up the board after early punctures mechanical problems. He is lying 6th. Until yesterday he was five Escorts running the top. Arti Vatasen of Finland's Escort up into 5th having had to contend punctures and flu. But he's all away with a big ro forest of Cumbog.

The TRV of Tony Pond is carrying British Leyland's in 7th position just over minutes behind Clark.

British rally championship have "waiting game." Fifth only Fiat now in the top that of Timo Salonen. The merely second-placed Fiat Markken Alen dropped during the night with a failure.

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APPOINTMENTS

Sidney Spiro to join Hambros

Mr. Sidney Spiro has been appointed a director of H. P. Bulmer & Sons Ltd, and an executive to his position as managing director. He will hold responsibility for international operations. He joined the group in 1970 as director of sales and marketing.

Mr. David Platow, group managing director of Rolls-Royce Motors, and president of the Society of Motor Manufacturers and Traders, has also a director of the Beers Consolidated Mines, Rio Tinto Zinc Corporation, Rio Kelticope, and a member of the International Advisory Council of the Canadian Imperial Bank of Commerce.

Mr. A. H. Broadbent has resigned from the Board of OIL EXPLORATION (HOLDINGS). He is a director of J. Henry Schroder Waggon and Co., which continues as financial adviser to the company. Mr. E. G. Barnard was previously president of Viking Jersey Equipment.

Mr. Eric Lucas, a director of BURGESS LIFE ASSURANCE COMPANY, has been appointed managing director. Mr. Harold Waddington has joined the Board, and Mr. Frank R. Hall has become general manager.

Mr. Ian W. Strachan has been appointed to the Board of ABERDEEN SERVICE COMPANY (North Sea) as financial director.

Mr. Ray Perks has been appointed president and chief executive officer of H. P. BULMER & SONS LTD, and managing director of the London office.

DANIEL DUNCASTER, managing director of the London office, has been appointed chairman of the Association of Motor Manufacturers and Traders.

Mr. J. B. Longbottom has died at the age of 85.

MR. R. MATTHEWS MEATS, chairman of health.

Following the acquisition of Richard Costain of Kewie, Mr. F. Malcolm Fraser has been appointed chairman of the Board of Costain. He replaces Mr. C. W. Scott, chairman of Lucas Industries.

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Theatre Upstarts

Playpen

by B. A. YOUNG

"Sex," said the ex-Guardian undergraduate in one of Bev's early novels, "is either joke or physical exercise." Bev Williams has narrowed down still further: it is a joke. The first hour of his play is devoted to a comic exposition of the facts of birth and babyhood emphasising the old truism that "we don't choose our own parents." The second act is devoted to the education of the child born the first act's activities. It consists almost wholly of the half-change of growing up at school—not a school like Mr. Williams's Eton but an ordinary secondary modern, where he can go on sneering at the life-style of the less affluent classes.

The company that presents this are directed by Gerald Chapman, who is adept at making it look who seems to allow a measure of interesting with its use of masks, extemporisation, Jennifer Carey puppets and so on, as well as and Ariane Mnouchkine designed their own versatility. There are the masks and things. The outside four of them, Ben Benson, head of Mr. Albert, the in- they come from one; I see an the young. But Theatre Machine, head and Ric Morgan, and they winner.



John Muirhead, and Roddy Maude-Roxby.

Television

No love for the messenger

by CHRIS DUNKLEY

They are young, some almost un-pregnant again, and married believably young for what they again are doing: and brave, almost suicidally brave. And they are, relatively, very few. They form a single, loyal body which, for operational purposes, is split up into small 'cells'. They unite each with its own nicknames and its own slang to describe the physical and mental tethering of personal decoration.

They wear a uniform of sorts, but the effects of individual idiosyncrasies tend to outweigh the effect of the uniformity: boots, scarves, and soft ear-hugging helmets are often similar, but bits of personal decoration vary wildly.

Between battles they look young, and superficially carefree, though there is anxiety at the back of their eyes and behind the brawls in their voices. Away from the actual fighting they enjoy all-male parties where they drink a lot of beer, and often end up with their arms draped fraternally around one another's shoulders, singing dirty songs, usually about their own prowess, and performing crazy group dances.

Their greatest delight is to set their tiny bunch of front-line fighters 20-40m into battle against quite incredibly superior numbers; once 14 of them surged bodily into the fray against 2,000.

The Few? Yes, the few hundred delinquent London teenagers among the supporters of Millwall Football Club who have been born at a time when their country doesn't happen to be issuing licences to young men to go out and fight—and preferably even to kill—a national enemy. They were the subject of a very skilfully made film on last week's *Panorama*.

The presence of such youths in our society is no novelty. Having been born in 1944 myself, all my experience is of a Britain at peace. But throughout my life my father has looked at the evidence of persistent youthful delinquency and violence around us and declared "What they need is a war."

Of course there is another way of looking at it, as Sophocles realised 2,300 years ago when he wrote in *Antigone* that "Nobody likes the man who brings bad news." You can simply blame the whole thing on the messenger and nowadays that means the mass communications media.

Denying this, that has been the most popular reaction once again in the past ten days in response to a number of programmes which have coincided, quite by chance, and delivered to homes all over the land a vivid picture of what goes on among the delinquent part of the bottom layer of our society today.

Sometimes Mr. Del Mar's enthusiasm won out, and tempted the principals (Father

Innes Pring as the Prince, Watawa John Mitchell as the Standard-bearer) to press uncomfortably Norman Del Mar

Concert Orchestra as if he was waiting for this moment all his life.

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EUROPEAN NEWS

French threat to block EEC's regional fund

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

FRANCE TO-DAY threatened to compare with about £290m. allocated this year and is only that France might seek to slightly less than the total of strengthen its case for a quota increase by attempting to link the renewal of the regional fund since it went into operation at the start of 1975.

France's demand for an adjustment of its quota was opposed by other EEC governments at a meeting of Foreign and Budget Ministers here today. It is feared that a decision to review the present quotas would open the door to a lengthy period of negotiations.

It is insisting that its national quota be raised from 15 per cent. to 21 per cent. to assist its dependent territories, as the price for accepting a proposal backed by Britain, Ireland and Italy to increase substantially the percentage share of the fund's overall size of the fund in 1978.

France's current share is considerably smaller than those of Britain and Italy which together with Ireland, have received almost two-thirds of total fund disbursements this year.

The proposed increase would take the fund's resources to submit meeting in Brussels early next month.

BRUSSELS, Nov. 22

THE AVERAGE income of French executives is still four times higher than that of ordinary workers, but the past ten years have seen a substantial reduction of wage and salary differentials, according to a report published at the request of the Prime Minister, M. Raymond Barre.

But time is running short for a solution to the dispute over the regional fund. Next year's appropriation must be decided by December 12 at the latest, and further delays will complicate the process of consultation between the European Commission and the European Parliament when they hold their annual meeting in Brussels early next month.

Ministers praise Sadat's courage

BY OUR OWN CORRESPONDENT

PRAISING President Sadat's "courageous initiative" in going to Jerusalem, EEC Foreign Ministers today called on the take account of Palestinian Arabs and Israel's to seize the demands for a homeland opportunity which the visit offered to further prospects for through several different drafts and its publication follows moves by France at the end of last week to prevent the Nine from taking public stand earlier in support of the Sadat visit.

France's argument, which was backed in varying degrees by several other governments, was that the EEC would be unwise to commit itself until the outcome of the Jerusalem meeting was clearer, for fear that it might result in total failure.

The Ministers also agreed to day to take no further economic measures designed to weaken the South African regime until January at the earliest. The aim is to give South Africa a short space for reflection after the forthcoming elections, in the hope it will decide to lift its recent series of repressive actions, including the jailing of anti-apartheid leaders and the

closure of black newspapers.

The EEC has made it known, however, that it will continue to study new ways to apply pressure by means of a ban on government export credit guarantees, a halt on new European investment there, and other actions in the field of trade relations.

It was agreed that all EEC governments would intensify bilateral efforts to persuade other members of the Organisation for Economic Co-operation and Development, and especially the U.S. and Japan, to adopt policies similar to the code of conduct on South Africa, which was approved by the Nine last autumn.

The ministers added that they would refuse to recognise diplomatically the new African homeland of Bophuthatswana, to be inaugurated by the South African Government on December 6, on the grounds that it was "an integral part" of the apartheid system.

Other Middle East news.

Page 5

New Iberian friendship treaty

BY ROBERT GRAHAM

MADRID, Nov. 22

SPAIN and Portugal to-day signed a ten-year renewable treaty of friendship pledging close political, economic and military co-operation to preserve the security of the Iberian Peninsula.

The only institutional element in the new agreement is a mutual security pact.

The finding will, no doubt, be used as political ammunition by the Socialists and Communists in the forthcoming general election campaign

to accuse the government of being weak and indecisive.

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AMERICAN NEWS

Energy formula emerges

By DAVID BELL

E. CARTER Administration now begins to outline what it may be prepared to accept in order to secure passage of controversial Energy Bill through Congress. Details of the possible com-

WASHINGTON, Nov. 22.

Iron dispute settled

By JOHN WYLES

CLEVELAND-CLIFFS iron company, the United States' largest independent iron ore producer, has agreed peace terms with its 100 workers who have been involved in an industry-wide strike since August 1.

This is the first local settlement of the protracted pay dispute since a joint settlement from all eight iron ore producers affected by the stoppage failed to win the strikers' approval a fortnight ago. Since then the companies have apparently agreed to seek local settlements.

The Cleveland-Cliffs agreement

is in only one major respect

an industry-wide offer in

it undertakes to continue

a 30-cent-an-hour attend-

ence bonus to those employees

under a scheme to be introduced in November 1979.

The proposal of a fortnight

ago would have eliminated the

onus for all workers at the start

of the incentive scheme. In winter season.

effect this would have resulted in a pay cut for about 14,000 workers.

The strike over incentive pay-

ments has been an unusually

bitter one because the employers

claimed that the stoppage was

outwitted by the steel industry's

experimental negotiating agree-

ment of last April. The United

Steelworkers maintained, how-

ever, that incentives were a

matter for local negotiation and

that the dispute was not, there-

fore, subject to the binding

arbitration of the national agree-

ment.

Iron and steel production has

not been at all threatened by the

stoppage since the stocks are on

the ground to carry the industry

through to the New Year. But

it has cost Cleveland-Cliffs

approaching 4m. tons of pro-

duction, and it will be seeking

to move as much iron ore as

possible from its upper Michigan

mines before ice on the Great

Lakes halts shipments for the

winter season.

French Defence Minister M.

Yvon Bourges, completing two

days of talks, including a meet-

ing with President Carter, said

yesterday that restraint on arms

sales is an issue that cannot be

dealt with bilaterally between

France and the U.S.

UPI reports from Washington M.

Bourges said at a news confer-

ence that the question of arms

sales to third countries came up

in his meeting with Defence

Secretary Mr. Harold Brown.

U.S. policy is to limit arms

sales. In the future below

the figure for fiscal year 1977

earlier this year, President

Carter said he would try to get

other countries to adopt re-

strictions on the growing world

arms trade. France believes

this is a problem which must

receive an international solution

said M. Bourges, adding that his country has "certain

commitments" to sell military

hardware but is "a modest sup-

plier of arms in the overall East

West context."

There was, for instance, the

case of the oranges. An agent

proposed that they should be

injected with a mild laxative

before being delivered as a

free gift to the Black Panthers.

The idea was that not only

would the Panthers be taken

ill, but that they would also

grow suspicious of free food.

The scheme was rejected

because the FBI decided that

it could not be sure that the

oranges would be delivered to

the right target.

Mr. J. Edgar Hoover, the

FBI's director, had a special

unit for groups on the Left

and for the Communist Party.

One scheme involved sending

an "uncomfortable colour"

through the air conditioning

system at the 1966 Communist

Party convention) but he tried

to be fair. Thus the FBI tried

to smear the grand wizard of

the Ku Klux Klan, hoping that

he would respond in kind and

only then be unseated.

FBI agents infiltrated every

organisation that mattered

and a good few that did not.

In Montgomery, Alabama, one

gentleman soberly noted that "the

only black nationalist

organisation in this division is

the Youth Progressive Party

which has a reported mem-

bership of eight, two of whom are

informants."

FBI agents also paid news-

paper subscriptions for top

members of the Communist

Party and were the leading

stirrers for a series of

Black Panther "colouring

books" which depicted police

as pigs. The Panthers

was denied that they had

anything to do with these

isty publications.

Agents were particularly

keen at distributing news-

papers and pamphlets—printed

for security" on sawn-

marked paper—designed to

cause maximum discord

among groups opposed to the

war in Vietnam. Some of their

publications contained false

information, some willing to help

demonstrators, and some

agents in some cities were

metimes enlisted to help evict

activists living in "politically

desirable" communities.

The whole operation, which

ran in 1966 and continued

into the 1970's, was carried

it under the code name

Intelpo and was widely

suspected at the time, al-

though even the most cynical

ponents of the war scarcely

imagined the full range of

subversive activities unveiled

these files.

All through this period sup-

porters of Dr. Fidel Castro

were never ignored by Mr.

over, who had a particular

athing for the Cuban leader-

ship. One scheme involved us-

tigates to shame pro-

activists. On another

case an FBI agent wrote a

letter to Havana accus-

ing officials of the Fair Play

for Cuba Committee of em-

ployees.

It all seems to have been

very much a day's work for

the FBI. And there is more to

me. It would take a further

800 pages of files as too

nitive.

growing

on Bo

OVERSEAS NEWS

UN row highlights Arab split

BY OUR OWN CORRESPONDENT

SHARP DIVISIONS between Syria and Egypt over President Anwar Sadat's weekend peace initiative were highlighted dramatically in the United Nations General Assembly to-day when the Egyptian chief delegate walked out in protest at a bitter Syrian attack.

Speaking on the opening day of the assembly's annual debate on the Middle East, the Syrian representative, Mr. Mowaffak Alaf, delivered a diatribe against Mr. Sadat, whom he accused of shaking hands with "Zionist butchers."

The Arabs had been stabbed in the back by the Egyptian leader's visit to Israel, Mr. Alaf declared. He also had bitter words for Mr. Sadat's "friend, Henry" — Dr. Henry Kissinger, the former U.S. Secretary of State — whom he called a Zionist "who has not lost his true face and treachery." The chief Egyptian delegate.

Dr. Esmat Abdel Meguid, remained in the assembly until Mr. Sadat took on an increasingly harsh and personal character. Then he and all but one of his associates in the delegation marched out of the hall.

"I didn't think it was necessary to listen to those insults," Dr. Meguid told journalists outside the chamber. He said he would speak in reply to-morrow.

He returned to the assembly after Mr. Alaf had completed his statement.

Because they feared that the Syria delegation would take just this opportunity to attack Mr. Sadat, widening divisions in Arab ranks, some moderate UN members tried to have the debate postponed so that tempers might cool. But the Syrians insisted that discussion of the Middle East should begin on schedule.

They have already drafted a

resolution condemning the Israeli occupation of Arab territories, calling for total withdrawal and for the convening of PLO participation.

The Security Council also would be asked to take "all necessary measures" — a hint of sanctions — to ensure Israel's observance of UN resolutions.

Ismael Hifazi adds from Beirut: "Iranian divisions which have sharpened over President Sadat's initiative are threatening to break the Arab world into rival camps reminiscent of those which existed in the 1950s."

Efors have intensified to bring them into a "rejectionist front" with Libya, Algeria and the Palestine Liberation Organization (PLO) to confront Mr. Sadat.

Informed sources report that the U.S. has been in contact with Saudi Arabia and Jordan to Iraq and Syria.

UNITED NATIONS, Nov. 22.

U.S. still committed to overall settlement

By David Bell

WASHINGTON, Nov. 22.

THE CARTER Administration today reaffirmed its commitment to the need for an overall settlement in the Middle East in a further attempt to prevent a lasting split in Arab ranks.

While Mr. Warren Christopher, the Deputy Secretary of State, reiterated the Administration's policy in a speech before a Jewish audience in San Francisco, Mr. Ted Cranford, the Deputy Press Secretary, told reporters that here said that Major Jalloud was trying to arrange a meeting between the Syrian President, Mr. Hafez Assad, and his Iraqi counterpart, President Ahmed Hassan Bakr. The success of a new "rejectionist" front depends entirely on reconciliation between these two countries.

In Damascus, he hinted to the press that a mini-summit of members of this front was imminent. If Jalloud returned with Arab leaders trying to assess the real outcome of our observers, such a summit might be held and witness a reconciliation between the arch-rivals of Egypt to Israel.

U.S. officials have still not received full reports of the lengthy conversation that Mr. Sadat had with Mr. Menahem Begin, the Israeli Prime Minister, and there is a strong suspicion here that the two sides did reach agreement on some Israel compromise which could possibly ease the way to reconvening a new Geneva conference.

This optimism is heavily qualified, however, by continuing evidence of serious fissures within Arab ranks.

In an effort to shore up the United Arab front, which the administration still regards as the key to lasting peace in the area, Mr. Christopher made it clear that the U.S. actively opposes any separate deal between Egypt and Israel.

Further, making no concessions to his audience, Mr. Christopher also repeated the U.S. belief that a final settlement must include a Palestinian entity or homeland "and that our preference would be for such an entity to be linked with Jordan."

Mr. Christopher said Mr. Sadat's trip "at one stroke had broken down 30 years of distrust bringing with it a dramatic opportunity to move from a state of confrontation to a state of true peace."

CAIRO, Nov. 22.

A government spokesman said to-night: "The door opens to the Geneva peace conference. There are two elements in the position which have yet to be settled. One element concerns the Arab countries and the second element concerns the nature of Palestinian representation at Geneva."

From the spokesman's statement it appears that Egypt and Israel have agreed in principle on the reconvening of the conference, while setting aside the real issue of Palestinian representation until the political landscape is clear.

Egypt's last official attitude on the subject was acknowledgement of a statement by Mr. Said Kemal, deputy head of the PLO political department at this month's Arab foreign ministers' meeting in Tunis to the effect that the PLO would accept that "Palestinians" forming part of a single Arab delegation.

TEL AVIV, Nov. 22.

Mr. Dayan reported that members of the Egyptian party had told him they considered the visit a success. Both Israel and Egypt saw the real test of the weekend's events in developments in the future.

The Israeli Cabinet meets on Thursday to hear a report by Mr. Menahem Begin, the Prime Minister, on his talks with President Sadat.

Israel did not make any specific proposals to President Sadat during his visit, because his mission was to break down one of the barriers to peace, the Foreign Minister said.

ISRAEL has reached the fatal hour and must make up its mind quickly what position it will adopt. Mr. Moshe Dayan, the Foreign Minister, told the Likud Knesset faction this evening that Israel saw the real test of the weekend's events in developments in the future.

The Israeli Cabinet meets on Thursday to hear a report by Mr. Menahem Begin, the Prime Minister, on his talks with President Sadat.

President Nimeiry stopped over for only 90 minutes. At the airport he said: "In Sudan we strongly believe the peace decision is no less dangerous than war." But he added: "Presi-

Surgeon says he was shocked at Biko's death

By QUENTIN PEEL

JOHANNESBURG, Nov. 22.

A DISTRICT SURGEON who injured — which is given as the cause of death in the pathologist's South African "black consciousness" leader, several times before he died in police detention, said to-day he had been "very much surprised" and "worried" when he heard that Mr. Biko was to be transferred to several occasions. Dr. Lang denied that his attention had been diverted from examining Mr. Biko's head.

On the seventh day of Mr. Biko's inquest in the state capital, evidence was given by two doctors from Port Elizabeth — where he was interrogated by security police — of his inability to diagnose any illness or organic ailment, although he spoke in a hurried manner, complained of weakness in his arms and legs, refused food and drink, and had urinated in his blankets.

During a second day's cross-examination, Dr. Ivor Lang, a district surgeon, admitted he was absolutely shocked when he was told of Biko's death, the day after he was transferred to Pretoria, and "it was quite obvious we had missed something." He said that at no stage had the security police suggested that Mr. Biko might have suffered a head

injury — which is given as the cause of death in the pathologist's report.

Three young blacks were found guilty in Pretoria Supreme Court to-day on charges of recruiting people to undergo military training outside the country and importing arms and explosives with the aim of violently overthrowing the South African Government. The three, who were jailed for terms totalling 47 years, gave the clearest black power salute from the dock when sentence was passed.

Kaunda's Rhodesia policy

LUSAKA, Nov. 22.

ZAMBIAN President Dr. Kenneth Kaunda is believed to be preparing a note to Britain and the United States setting out his position on their troubled Rhodesia initiative, diplomatic sources said to-day.

The document is expected to be signed by Dr. Kaunda's policy after secret talks with his Tanzanian counterpart, President Julius Nyerere, last weekend in northern Zambia.

The meeting had been expected to seek a united position among African states, on condition that Mr. Nyerere, the Rhodesian Prime Minister, is removed.

Pressure on \$ pushes yen higher

The yen hit a new high of 241.30 to the U.S. dollar in heavy trading yesterday, in spite of intervention by the Bank of Japan. Reuters reports from Tokyo. Dealers said that pressure on the U.S. currency had been increased by the apparent failure of talks with the U.S. this week to produce concrete ways of reducing Japan's balance of payments surplus.

The U.S. team failed to obtain a specific date for reversing the trend in Japan's current account balance, which is expected to notch up a surplus of at least \$6.5bn. in the fiscal year ending next March.

Nigerian gunboats

Nigeria has ordered three high-speed, missile-firing gunboats from France in what French officials yesterday called a major arms sales breakthrough to English-speaking Africa. Reuters reports from Paris. The order is worth Frs.300m. and the officials said the Nigerian navy had also ordered three similar vessels from West Germany.

Somah assault

Somali forces, after a long lull because of heavy rains, have started a major drive to capture the eastern Ethiopian mountain city of Harar. Arab diplomats said yesterday in Megadishu, Reuters reports.

Indonesia corruption

President Soeharto yesterday ordered the highest-level investigation yet in Indonesia's five-month anti-corruption drive, involving all State governors and ambassadors abroad. Reuters reports from Jakarta. The anti-corruption campaign has already resulted in the sacking of dozens of officials. Internal Security Chief Admiral Sudomo has said he would not hesitate to arrest top-ranking officials.

ON OTHER PAGES

International Company News

Digitized dealers merger

Bank rescue holds off

Farming and Raw Materials

Dutch potato giant

Common Fund fears

Peking-Hanoi rift remains

BY A SPECIAL CORRESPONDENT

MR. LE DUAN, the Vietnamese Party leader leaves Peking to-morrow following a low-key brief visit which has apparently narrowed the rift between Peking and Hanoi.

He leaves without giving the customary return banquet for his Chinese hosts in the Great Hall of the People or making the ritual end-of-visits speech in the Chinese capital. He flies direct to Canton and from there to Hanoi without even a passing presence at the provincial tour usual for visiting foreign leaders.

On his arrival in Peking on Sunday he was accorded the standard official welcome with none of the lavish displays of Tien an Men dancing girls and the open car ride through the city with Huo Ruo-Feng, the Communist Party chairman,

RECENT VISITORS to Chinese universities are reporting an unusual phenomenon. University libraries are full of students, their heads deep in their books.

Since the Cultural Revolution libraries have been empty. With the exception of the Marxist classics and a handful of volumes available with a signed authority from a teacher they were closed to students. Across the country senior high school students and the "educated youth" packed off to the countryside over the past two years are feverishly cramming for university entrance examinations, the first to be held in ten years.

Following a decade of the world's most radical exam-free education system, China has reverted to a tough, competitive and highly elitist education system which will select the talented and clever in the name of rapid economic and technological development. The privilege of university education should go to the best students, said a recent newspaper readers' letter, a total negation of the educational revolution of the last ten years.

The massive realignment of educational policy, formally approved at a national conference held recently by the Education Ministry, will give a handful of bright school leavers the opportunity to go straight to university without performing a qualifying two-year stint on the commune or in the factory.

Hence China's current examination fever.

One of the most striking facts about higher education in China is its scarcity. Only 800,000 university students at any one time comprise a tiny elite in a country of eight or nine hundred million people. The numbers may well have been kept artificially low given the inflammatory role played by students in the Chinese Revolution from 1911 to 1949.

In addition high school graduates from 1966 and 1967 are also eligible to apply for this year's university intake. The permission indicates that they are better qualified having been educated under the more rigorous system before the Cultural Revolution. These were also the high school graduates who missed out on doing deals with universities.

At least ten million applications have been received for the first examination of the new university enrolment procedures to become the famous Red Guards who did little else but

travel around the country state expense helping Mao Tse-tung overthrow his bureaucratic enemies and criticizing their teachers.

Many of them are publicly confessing their air Wu Ke-chin, a 28-year-old member of the Chinese Communist Party, and Government chief, Pai-Pai recently. He Duan met Chairman Huo Ruo-Feng for talks on Monday afternoon, but details were released. China is unhappy that the Spratly Islands are now in Vietnamese Communist hands and as recently as the middle of last year renewed their claims to both islands, believed by all contenders for them, including Taiwan, to be rich in oil. The Vietnamese have been just as strident in their territorial claims to the islands.

With China temporarily at least pursuing a more moderate line towards Asia's revolutionary movements in the interests of first containing

Indonesia's growing economy

and consolidating its power base, the official media are anxious to provide the world with a positive image of China.

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And here in Chairman Mao's China, the official media are anxious to provide the world with a positive image of China.

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The view would now prevail that the Chinese are not to be trusted.

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WORLD TRADE NEWS

Japan to give steel cost data to U.S.

BY CHARLES SMITH

PAN'S steel industry has stood of rejecting the Treasury's request as it had earlier intended, evidently reflects the U.S. request from officials in the Ministry of International Trade and advice of a U.S. official, Mr. Iwao Iwasaki, who visited Washington last week to discuss production costs which could be used by the U.S. Treasury as basis for calculating "reference prices" for Japanese steel.

The steel makers were earlier insisting that to reveal production cost figures would destroy industry's competitive position in world raw material supplies as well as customers. It is now admitted, however, that there may be no harm in at least publishing "aggregate" figures covering the industry as a whole.

The formulae to be used in calculating these will be disclosed at a working party set up by his week by the six major steel companies (Nippon Steel, Japan Kokan, Kawasaki, Sumitomo, Kobe and Nissin).

The steel industry's decision to provide limited cost data, in

the U.S. Treasury Department said it will begin anti-dumping investigations into imports of steel wire strand for pre-stressed concrete from Japan and India. AP-DJ reports from Washington. The investigation follows a petition by five domestic producers charging the wire is being sold in the U.S. at less than fair value.

The industry also appears to have been shocked by the U.S. Treasury's handling of the earlier Gilmore Steel anti-dumping case in which a preliminary finding has been made against the Japanese.

The steel makers are now trying to come up with cost indicators for the products covered by the Gilmore case that will convince the Treasury that its assessment was too high. These will apply to individual companies but will not constitute a complete or detailed revelation of costs, which the Japanese industry still hopes to be able to insist on a "legal" rather than a negotiated solution.

The problems arising out of U.S. Steel Corporation's anti-dumping charges against Japanese steel exporters.

The message brought back by Mr. Iwasaki seems to have been that the U.S. will not accept "voluntary restraint" by Japan as the solution to the steel dis-

pute and will set arbitrary production costs for Japanese steel to be used as the basis of calculating U.S. selling prices, unless the industry comes up with its own figures.

In this situation the steel makers apparently have little choice but to hand over at least some information about their production costs.

The agreed "reference prices" would be greatly preferable from Japan's point of view, to prices arrived at by mechanical application of the U.S. Anti-dumping Act which stipulates that an 8 per cent profit margin should be included in the "fair" selling prices of imported products.

The U.S. Treasury is apparently willing, in principle, to substitute a negotiated price settlement for strict application of the Anti-dumping Law. But there is the possibility that U.S. Steel Corporation, which brought the original charges, might insist on a "legal" rather than a negotiated solution.

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Subsidies 'threat to trade'

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The issue is one of the most contentious on the agenda of the Tokyo Round of GATT negotiations. But international rules are needed to minimise the problems created for other countries by such measures as another and to ensure that national economic measures are generally compatible, says Dr Malmgren.

"It should be in the interests of all governments, especially those bent on an extension of state participation in the economy to agree on international rules that help to make for consistency in the conduct of the pressures of sectional interests, and to help to avoid economic, and therefore political, conflict between countries," says Dr Malmgren.

More than that, he says, international regulation is needed otherwise the role of governments may dominate the process of structural adjustment in the market-oriented economies, creating uncertainties over investment and thereby leading the world economy into stagnation.

Drawing on discussions among an international group of trade experts, Dr Malmgren outlines proposals for a new GATT code on subsidies and countervailing duties.

He suggests the adoption of a pragmatic approach, concentrating at first on those interventions by Governments that are most easily perceived and which generate political friction most readily, leaving other problems to be resolved as the rules are developed over time.

International Order for Public Subsidies, Themes Essay No. II, Trade Policy Research Centre London £9.00. Editorial comment Page 16

SINO-BRITISH TRADE

Slow lift-off for Harrier

BY COLINA MacDOUGALL

WHEN Vice-Premier Wong Chen told a senior British industrial delegation visiting Peking earlier this month that China intended to buy the Hawker Siddeley Harrier vertical take-off fighter, he was only raising thoughts that the Chinese have been discussing British with high-level British visitors for some time. During the summer the Chinese showed interest in the Harrier and implied that British willingness to supply arms exports to China, the U.S. defence equipment in general might be seen as a test of the future relationship between the two countries.

When Dr Wang, Peking's Minister of Foreign Trade, visits London at the end of this month, he may bring a possible deal nearer. In the meantime the fact that he has put Britain at the top of his visiting list (it is his first trip to Europe) is seen as encouraging for trade in general.

Even though the Chinese have announced their intention, there is still a long way to go. If a Harrier deal were signed tomorrow, production and technical training would take several years. The RAF takes two to three years to train a Harrier pilot to combat standards, and the problem of providing maintenance and spares would be significant. But getting a deal with the Chinese even at the point of signature often takes years, particularly when, as in this case, the equipment is highly complex and politically sensitive.

The Chinese are aware of the problems involved for Britain in selling them weaponry. An important question is how far the U.S. would object, and it appears that some informal discussion between British and U.S. Government is taking place. On the evidence of the Rolls Royce Spey engine deal of 1975, when Dr Kissinger gave his blessing at a time when the U.S. was interested in encouraging greater parity between the Soviet Union and China, it may raise no objection particularly as it would be some years before the Harrier was operational.

A Harrier deal would be part of the military modernisation programme which the Chinese have had in mind all this year. The Rolls-Royce Spey engine contract was an early manifestation of the same desire to get up quickly with the outside world. The Spey contract involved the supply of the supersonic military version of the engine and of technology to produce them under licence in China. So far no engines have been shipped, however, and the aircraft for which the Spey was intended is not expected to be flying before the early 1980s, about the time the production line is expected to come into operation.

The Chinese are believed to be working now on a delta-wing fighter, possibly copy-making the F10, which should come into production before 1980, but this is unlikely to be the one for which the Spey is intended. The British engine may be destined for the F12, now believed to be under development about which little is known.

However, the question of military modernisation—and indeed modernisation in general—does not seem to be settled. Deputy Chief of Staff Yuan Cheng-Wu who recently led an important military mission to France has been sent, at least temporarily, to the provinces, admittedly to do an important job but nevertheless away from the policy-making levels of the capital.

In spite of the talk all this year about buying foreign technology, no major deals have as yet been signed. Money is not particular problem as the Chinese are again probably heading for a surplus on trade this year. Figures from the Bank for International Settlements (which do not, however, cover Swiss or Japanese banks) show that at the end of June, Chinese bank deposits were nearly \$2.5bn compared with over \$3bn borrowed. In any case, they are quite prepared to come along with the deferred payment financing they used before. It looks as if the problem is still the question of what and whether to buy, and this may take some time to resolve.

EEC to hold trade talks with China

BY DAVID SATTER

EUROPEAN Common Market foreign Ministers yesterday said that the Community had opened negotiations with China on a non-preferential trading agreement. Reuter reports in Brussels.

British Foreign Secretary Dr. E. Owen said the ministers empowered the market commission to open talks with China before the end of the year. The five-year agreement would try to promote industrial trade between the two sides and would try to improve the conditions of access for each other's goods.

Beecham Irish plant
Beecham, the British pharmaceuticals giant, has given the go-ahead for a £25m. plant in the west of Ireland by the public's Planning Appeals Board. Giles Merritt writes from Dublin.

The Beecham's project, which will employ 250 people at Shannon Co. Clare, had been blocked by local objections. The company has, however, agreed to total of 39 conditions, centring mainly around pollution and site-controls.

The plant is to cost Beecham \$m. with the balance coming on Ireland's IDA investment incentive schemes, and will produce bulk pharmaceuticals and semi-synthetic penicillin.

Hessoe: contract
Hessoe Heavy Engineering (Hessoe Group) has been awarded an export order, valued at the region of \$4m. by Jugoslavski Natovod. The contract requires the supply of pressurized storage tanks and tank materials and will form part of a storage facilities associated with a cross country oil pipeline project which will run from Istra, Yugoslavia to the Hungarian border.

Ymac exports
Ymac exports, totalling £1.75m., have in won in Scandinavia by Ymac, of Newbury, with its ICT hydraulic excavator, introduced to that market last year. At present the company, of the Powell Duffryn Group, orders for 80 of the excavators, due for shipment to Sweden, Norway before the end of the year.

atch agreement

JAG, the largest grouping of companies manufacturing marketing watches and components has concluded major agreements on electronic watches. Ebauches Neuchatel, Switzerland, an JAG subsidiary, has signed a term contract with the Ek Corporation of Orange, California, for technical collaboration. An outline agreement has also been signed between ASUAG SSIH, the Swiss watch industry's second largest group, holding for co-operation between the two groups and quaternary technology and co-operation of production.

amprogetti deal
amprogetti has signed a £5m. (£110m.) project to design and supply a textile plant in Algeria. AP-DJ reports from re. The company said it was largest such contract ever by an Italian concern. The project is to be built at Khenchela, designed by Itaco, the division of Snamprogetti, machinery will be supplied by Nuovo Pignone and in by other Italian concerns.

Simon Carves—Soviet financing

BY DAVID SATTER

THE STERLING financing agreement for a £75m. rubber processing plant, contract between Simon Carves and Techimashimport, the Soviet foreign trade organisation, signed here today by Morgan Grenfell and the Soviet Bank for Foreign Trade.

The £62.3m. credit will fall under the terms of the 1975 Anglo-Soviet credit agreement and brings the amount of the £950m. ECGD-backed credit now utilised to approximately £300m. The credit is being demonstrated in initial down-payment, regular payment as equipment is shipped and a final payment when the new rubber processing equipment is fully operational.

Margaret Hughes adds: The Soviets will be paying a lower rate of interest on this contract than that set by the Gentlemen's Agreement on export credits.

The interest rate of 7.55 per cent is the same as that for the £900m. credit negotiated in 1975. The Embassy spokesman said Italy reached agreement on the rate after consultations with other OECD member countries.

There had also been some Soviet agreement to the redressing of the debts with the Embassy spokesman said that the credit will be available in three instalments and will finance Italian exports contracted for by the end of 1979. The spokesman said that according to the original £900m. credit was fully compromised, the notes will be taken up by the middle of 1976 not be freely negotiable but about half of the new £650m. could be given in trade.

E. German-U.K. trade
BY LESLIE COLITT

EAST GERMANY is continuing German imports consisted of to slide in relative importance to "unwritten silver" that is, bullion bought on the London Metal Exchange, according to Mr. Michael Lightman, Under Secretary of State in the Department of Trade, who headed a delegation here for a meeting of the Anglo-GDR joint commission for scientific economic and technical cooperation.

In 1973, East Germany ranked fourth in the same list but now only Bulgaria does less trade with the U.K.

Trade between the U.K. and the GDR reached £124m. in the first ten months of this year with GDR exports exceeding imports by £28m.

A considerable portion of East Germany's imports consist of chemicals, rubber as well as factory construction.

Shipyard orders decline

BY IAN HARGREAVES SHIPPING CORRESPONDENT

WORLD ORDERS for merchant ships have fallen to their lowest level since June, 1968. And the industry is heading for massive overcapacity, perhaps by return from Lloyd's Register of as much as three times demand.

Shipping, 77 per cent of the orders on hand at the end of September were due for completion by the end of next year.

At the end of September, there were 2,128 ships under construction. At 23.5m. tons gross this represented a reduction of 1.6m. tons on three months before. There were 1,589 ships totalling 18.7m. tons on order but not being built—2m. tons down on the end of June.

The total world order book was 42.2m. tons—3.6m. tons less than three months before and the 14th successive decrease since the record 133.4m. tons of March, 1974.

The new order intake during the first nine months of the year,

available at leading jewellers and High Street stores including Collingwoods, Dixons, F. Hinds, W. Hinds, Ratners, Selfridges, Underwoods, J. Weir & Son and major Co-operative stores throughout the Country.

Lufthansa orders more Airbuses
BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

LUFTHANSA, the West German airline, has confirmed that it is increasing its order for the A-300. Announcing this decision, Lufthansa also said it would options on four aircraft from firm, bringing the total of Jumbo jet aircraft using firm A-300 orders for the airline's Cessna 440 engines, for delivery at end-1978. The to 12 aircraft.

In addition, Lufthansa will take new options on another seven to about DM500m. (about £125m.). Hawker Siddeley Aviation's outstanding options will bring its fleet to a member of British Aerospace to nine. If these are converted to firm orders, Lufthansa's airbus fleet will be active on our international money markets. This subsidiary, also due to commence operations in winter 1977, will be active on our international money markets. It will participate in joint credit operations. It will not be active on local level.

BANQUE CANADIENNE NATIONALE — MONTREAL —

The Board of Directors of the Banque Canadienne Nationale has decided to announce that it has received authorization by the Banque du Canada to open a branch office in

the primary function of this new Canadian National Bank will be to conduct business with the major European money markets. The branch office, located at the premises of the Banque Canadienne Nationale (Europe), 47, rue George V, 75008 Paris. The Banque Canadienne Nationale also received permission to open a wholly-owned subsidiary, the Banque Canadienne Nationale (London) Limited, in London, also due to commence operations in winter 1977, will be active on our international money markets. It will participate in joint credit operations. It will not be active on local level.

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The Harrier contains American-based components for which U.S. export licences would have to be issued. Also the deal would have to get through COCOM, the co-ordinating committee on exports to communist countries set up in the Korean war to prevent the export of strategic goods to possible enemies. However, reliable European sources believe that this problem can be solved.

On the general question of arms exports to China, the U.S. appears to have mixed feelings. Congress has made it clear that the U.S. itself is not an exporter of such goods to Communist countries, but Admiral Elmo

Zumwalt, who visited Peking in July, as the President's unofficial representative, was reported to have raised the question of a possible exchange of U.S. arms for Chinese oil. Peking's response, however, was non-committal.

A further complication could be that the plane is in service with the U.S. Marine Corps. In addition to manufacture under licence from Hawker Siddeley a version of the Harrier, though this is likely to be quite different from the model Peking would get.

The Chinese have been looking around at a number of aircraft and they might have other interests. They were at the Paris Air Show this year and talked to major European aircraft manufacturers. They have not ignored the U.S. either. McDonnell Douglas recently acted as host to a delegation from the China Council for Promotion of International Trade. There is even some doubt about whether the Chinese could actually handle anything quite as advanced as the Harrier was operational.

A Harrier deal would be part of the military modernisation—and indeed modernisation in general—does not seem to be settled. Deputy Chief of Staff Yuan Cheng-Wu who recently led an important military mission to France has been sent, at least temporarily, to the provinces, admittedly to do an important job but nevertheless away from the policy-making levels of the capital.

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New

HOME NEWS

North Sea oil swap planned with group in Norway sector

BY RAY DAFTER, ENERGY CORRESPONDENT

TWO OFFSHORE oil groups territory may swap output from the Statfjord, the biggest find in British and Norwegian sectors the North Sea, is due on stream of the North Sea in a unique deal aimed at reducing field development costs.

The arrangement being negotiated could mean taking oil from the Norwegian portion of the Murchison field by pipeline to the 2670m. terminal in the Shetland Islands. A corresponding amount of oil from the U.K. side of the big Statfjord field could be landed and sold in Norway.

Both fields straddle the U.K./Norwegian line in the middle of the North Sea. It is thought that more than 80 per cent. of the Murchison field lies in U.K. waters, and that over 88 per cent. of the much bigger Statfjord field is in Norwegian

between 360m. and 380m. barrels of recoverable oil, whereas Norwegian gas was involved in Statfjord more than 2.3bn. a U.K. system then the Norwegians plus some 2.5 million cubic feet of export their share.

Both the British and Norwegian Governments are involved in the negotiations, for they would have to sanction the swap.

Dr. Dickson Mabon, Minister of State for Energy, yesterday spoke about possible international co-operation in handling next week or two.

Continental Oil, Gulf and the British National Oil Corporation control the reserves in the U.K. sector of the neighbouring fields.

Statfjord, the Norwegian state corporation, has a 50 per cent stake in the construction of a joint system did not seem obvious to both Governments," he said.

Commenting on reports about the possibility of a £50m. gas gathering system being built in the North Sea, he told the Institution of Gas

Engineers in London that if the oil production from the field was running at 60,000 barrels a day, gas handling equipment was needed.

This platform is due back in operation next summer. But the two companies are now preparing the possibility of a £50m. gas gathering system being built in another platform, Brent D, which has gas handling equipment.

Murchison is thought to hold



Members of the committee face Government Ministers over the table. From left: Chief Superintendent L. R. Jones, West Mercia Constabulary; Miss Margaret Jones, Consumer Correspondent of the Daily Mirror; committee chairman Mr. Peter Prior, chairman of H. P. Bulmer; Mr. George Hill, chairman of Crest Hotels; Mr. Richard Davies, Deputy Finance Director of British Aluminium Company; Mr. Hugh Marshall, a Transport and General Workers' Union lorry driver; Mr. William Rodgers, Transport Secretary; and Mr. Robert Macleman, Prices and Consumer Protection Under-Secretary.

Tyne and Clyde in ships share-out

By David Freud, Industrial Staff

TYNESIDE AND Clydeside earmarked for the lion's share of the huge £16bn. shipbuilding order from Poland.

Mr. Michael Casey, chief executive of British Shipbuilders announced in Glasgow last night that he was proposing to allocate all seven of the 16,500-ton bulk carriers to the Swan Hunter yard on Tyneside, and ten of the multi-purpose bulk carriers (each of 4,500 tons) to Govan shipbuilders on the Clyde.

The value of the Swan Hunter order is about £50m. and Clyde share is valued at below £25m. and £20m.

Mr. Casey's announcement came after meetings with stewards on Tyneside and Clydeside during which he asked assurances of full co-operative

Answer

He asked for an answer Friday of this week on full operation in building and delivering the ships to a tight schedule. He said in Glasgow that British Shipbuilders were aiming to deliver 24 ships in one year—every two weeks—starting in last quarter of 1978.

Yesterday's meetings with shop stewards, both in the North East of England and Scotland, had been "extremely constructive," Mr. Casey said.

The matter is now being considered by the shop stewards who will be meeting the workmen and giving me their response very quickly," he said.

Union pressure will now begin to bring to bear on the management who have been overtime for the last month over a demand for pay rises.

Of the seven engines to be built on Tyneside, five will be built at Kincaid's on the Cumbrian coast and two in Poland. Mr. Casey said. Out of 15 engines for 4,500-ton ships, eight would be built in Poland and seven in the U.K. George Clark in the North East of England.

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"We could be Britain's most important rock group."

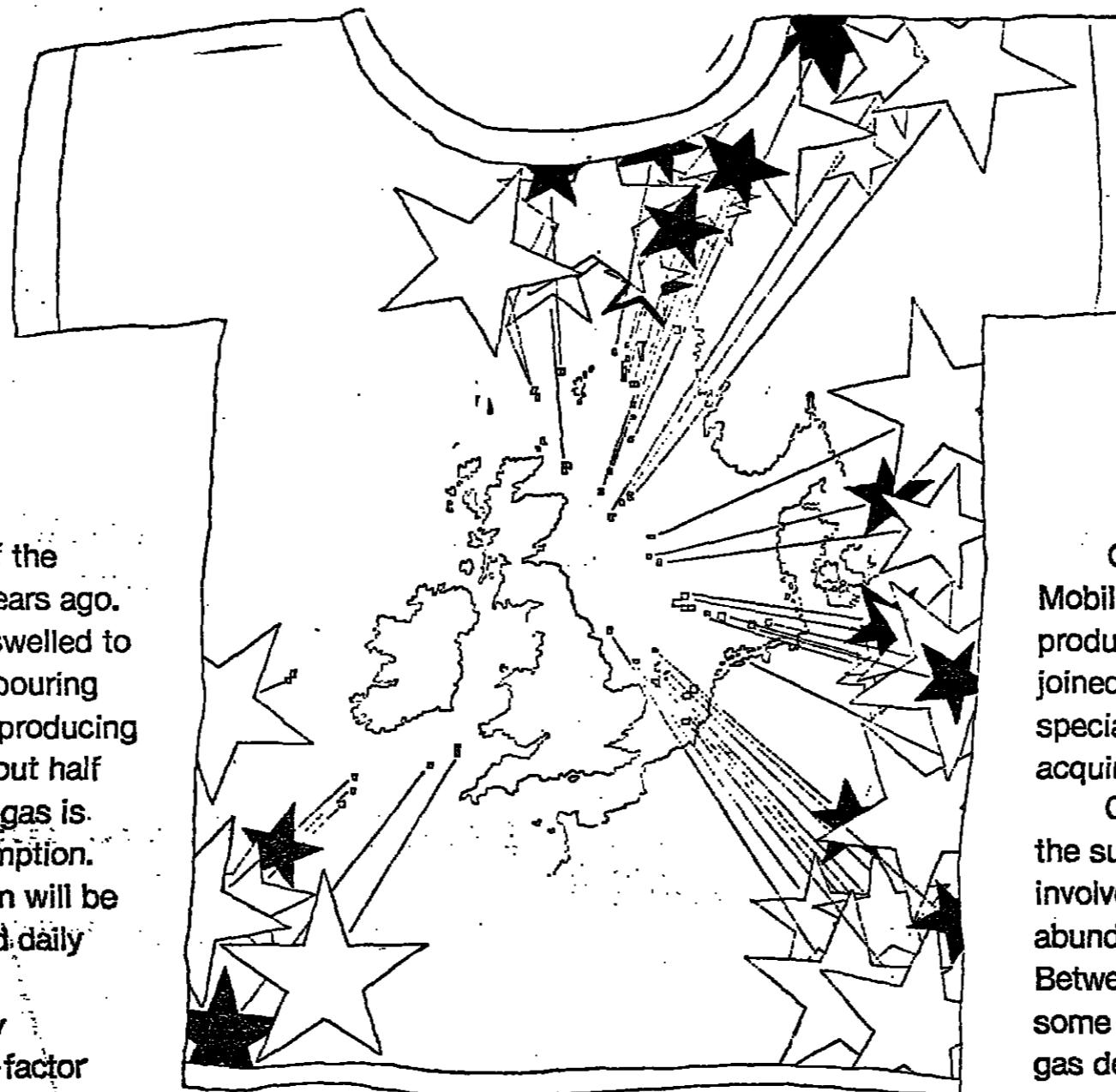
The first oil from the British sector of the North Sea arrived on British soil 2½ years ago. What began as a trickle has already swelled to a torrent, with some 800,000 barrels pouring into the U.K. each day from offshore producing fields. North Sea oil now provides about half the nation's requirements; North Sea gas is meeting 99 percent of current consumption.

By the end of this decade, Britain will be self-sufficient in oil, with an estimated daily production rate of 2 million barrels. Indeed, almost incredibly, the country is already on the way to becoming a factor in the world crude oil supply market.

Mobil is proud of its role in helping Britain achieve the remarkable transformation from an oil-importing to an oil-producing nation. Oil from our Beryl discovery is now providing nearly five per cent of the country's requirements. Other fields being evaluated by Mobil and its partners are expected to add to that contribution. And, of course, the search for new fields continues.

The impact of North Sea oil has profoundly affected every segment of the nation's economy. Thanks to North Sea oil, the value of British exports now exceeds the costs of goods purchased overseas, by a healthy margin. An estimated £5,000 million in taxes and royalties will flow into the Exchequer between 1977 and 1980. And by the middle of the next decade, North Sea operators will be paying some £3,500 million annually in taxes and royalties.

New industries have sprung up to provide the material and services needed to support



North Sea activities. "It is our policy to give 'full and fair opportunity' to British firms," says Mobil financial controller Bill Wende. "Over two-thirds of our material and contract service needs are provided from U.K. sources."

The services are many and varied: helicopters, which average 15 flights a week ferrying personnel and equipment between Aberdeen and the Beryl platform and offshore drilling rigs. Supply boats, to carry the estimated 3,600 tons of equipment needed for every North Sea well drilled—everything from diesel fuel to drill pipe to fresh vegetables. Caterers, to prepare and serve 900 meals a day for Beryl platform personnel.

Then, too, there are the workers themselves—who benefit directly from the jobs which North Sea oil has brought. Some 10,000 are currently employed by the industry in offshore exploration and producing activities. Several thousand more serve on pipelaying barges, crane barges and supply boats.

Over 90 per cent of those who work for Mobil in the North Sea are British. To most, oil producing was unfamiliar ground before they joined the company. Through experience and specialised training programmes, they have acquired valuable new skills.

Of course, the costs represented by all of the supplies, services, material and people involved in developing the North Sea's abundant oil and gas resources are enormous. Between 1965 and 1976 oil companies invested some £5,000 million in North Sea oil and gas developments (with perhaps as much again to be spent up to 1980), not counting the millions spent to drill unsuccessful exploration wells.

These costs, however, together with the high risks involved, should be justified by the promise the North Sea holds for making Britain self-sufficient in oil. By year's end, eight separate fields should be producing almost 1 million barrels of oil a day. These fields, together with a similar number likely to be developed, give promise of an additional 1 million daily barrels by 1980.

Long before the world's first well was drilled, American Indians used the black, sticky stuff that seeped out of the ground, for medicinal purposes. They called it 'rock oil.' Today, geologists are frequently referred to as 'rock hounds.' And our success in finding and producing oil—which we've described during the last seven weeks—depends on the presence of various rock types and formations.

So we don't think it inappropriate to describe ourselves as a 'rock group'—one which is aiming for the top of the charts!

Mobil

PARLIAMENT and POLITICS

MPs THROW OUT SCOTLAND BILL CLAUSE

Tory fears on U.K. unity upheld by vote, Pym claims

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT last night took a bad tumble over its proposals for Scottish devolution when, by a majority of 15, the Commons threw out the first clause in the Scotland Bill.

This is the clause which puts on record the Government's firm view that the legislation will have no effect on the unity of the United Kingdom or the supreme authority of Parliament.

The defeat was all the more surprising as it came after a quiet debate which had ended with the Government easily brushing aside a Conservative attempt to amend the clause.

The sudden reversal of fortunes resulted from the Liberals and the Scottish Nationalists siding to vote against the Government and reject the clause.

Earlier, Mr. John Smith, Minister of State in charge of the legislation, had described it as a "declaratory clause which, by implication, excluded federalism and separatism. The concept was that the Government was not devolving sovereignty but was devolving powers."

The debate had started quietly enough with the Tories putting forward an amendment to write in a guarantee that the Bill could not affect sovereignty or unity. This was rejected by a majority of 28 (306-78).

Then came the sudden shock for the Government when a motion that the clause itself should be part of the Bill was rejected by a majority of 15 (198-184).

Opening the debate Mr. Pym said fiercely attacked the clause, claiming that it was incorrect and misleading.

The strength of hostility towards the measure immediately became apparent as MPs on both

sides of the House joined in the attack. Mr. Tam Dalyell (Lab., West Lothian), a leading anti-devolutionist, said that the Tories were proposing a "funding amendment" but he agreed that the clause itself was a maximum figure.

Another opponent of the Bill, Mr. Enoch Powell (Ulster Unionist, South Down), said that Clause 1 was "not merely a lie, but a most dangerous lie."

Opening from the Tory front bench, Mr. Pym said that the Conservatives did not accept the clause now any more than they did last January when the first version of the Bill came before the House.

Under the Bill, Scotland would become a sort of quasi-federal part of the UK, which was itself a "unitary state". Parliament would not be able to avoid the difficulties that would arise from 71 Scottish MPs at Westminster being able to vote on all matters affecting the UK, while their English colleagues would not be able to have a say on everything affecting Scotland.

This, said Mr. Pym, remained the central anxiety in the whole Bill.

The result will be that this House will become divided against itself in a new way on issues relating to the constituent parts of the UK. It is going to give rise to rivalries and jealousies. We are already conscious of mounting tensions in this kind of House."

The Bill was encouraged, he said, by the Government's refusal to agree to the Tory request for an all-party conference on devolution. In fact, Mr. Pym alleged, the top priority of the Government was to save Labour seats in Scotland.

According to Mr. Pym, the main point was that the Government had inserted the clause in the Bill to back up its claim that Scottish devolution would not affect the sovereignty of Parliament or the unity of the UK. By throwing it out, the House of Commons was saying that it decisively rejected the Government's view.

There were Tory fears a few minutes later as Mr. Foot rushed into the House to put up a hurried defence of the Government's position. "The proper course is to calm down," he told MPs. "This is not the end of the world. It is certainly not the end of the Bill."

He urged the House to continue discussion on the legislation and promised that the Government would take the hostile vote into account on report stage later.

But Mr. Pym, determined to ensure the Tory victory to the full, declared: "You can't just brush off a decision of this magnitude."

Mackintosh calls for list system of PR voting

When the House debated the possibility of introducing proportional representation for elections to the proposed Scottish Assembly, Mr. John Mackintosh (Lab., Berwick and East Lothian) advocated the use of the list system.

Under this method, he explained, each elector would have two votes, one for a constituency candidate and one for a candidate from a party list.

This, he argued, would make matters fairer in Scotland where three major parties were running neck and neck followed by two minor parties.

Parties expected to go ahead with Ulster assembly talks

BY GILES MERRITT

THE FOUR major Northern Ireland political parties involved in negotiations with the British Government on administrative devolution are now expected to press ahead with detailed talks that could lead to an agreement on a 78-seat Ulster Assembly in the New Year.

Following talks that Northern Ireland Secretary, Mr. Roy Mason, has had this week with the leadership of the main Catholic Social Democratic and the first hurdle in its initiative, the Rev. Ian Paisley's Democratic Unionist Party and the non-sectarian devolution that would be an Alliance Party, it appears that all three will shortly confirm of Stormont Government.

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The details of this quasi-devolution have yet to be hammered out. The first stage will be talks between officials and party politicians, followed by inter-party talks early next year.

The Government is carefully avoiding putting forward a plan at this stage, but it is clear that it intends that sub-committees drawn from a Northern Ireland Assembly would participate in the running of such non-controversial areas as health, housing and industry.

Once Mr. Mason receives the political parties' formal acceptance of new talks, he is to write in them, reiterating the principles of administrative devolution. At the same time, Northern Ireland Office civil servants will begin to work out a rough timetable for further talks.

Peer warns on doorstep selling directive

A COMMON MARKET draft directive aimed at protecting householders from high-pressure salesmen was a step towards banning all forms of doorstep selling, Lord Raglan (Lab.) warned yesterday.

Lord Raglan, chairman of the committee which scrutinises EEC legislation, told the Lords: "It should be strenuously resisted. We would deplore the banning of doorstep selling in this rather special area of commercial life is a proper one for Community regulation."

Government spokesman, Lord Oram, promised peers that Ministers had no intention of allowing what had proved to be a valuable service to consumers to be curtailed.

"We must be on our guard against measures which purport to protect the consumer but in

Callaghan lectures on simple equations

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN'S financial restraint afforded little political percentage to the Conservatives in the Commons yesterday.

Mrs. Margaret Thatcher, fretting with the firemen under the 10 per cent. guideline, demanded to know whether it was a maximum figure.

Like Mr. Macleaver, the Prime Minister lectured the Tory leader on the simple equations of financial — and political — success.

Ten per cent. was the increase in national earnings that would lead to the Government being able to sustain single figure inflation during the greater part of 1978, he said.

The rate of inflation in the past six months has been running at 3.3 per cent., he added. But the future level would depend to some extent on wage settlements.

So 10 per cent. was not a maximum, Mrs. Thatcher responded eagerly. The firemen will be free to negotiate more within the cash limits.

Mr. Callaghan's short answer to that was "no". He added as she claimed to find a contradiction in his replies.

The statements could be reconciled, retorted the Prime Minister. What he found difficult was reconciling Mrs. Thatcher's attitude with that of Conservative and private industry which had been pressuring for pay restraint in the public sector.

It was the Government's policy to hold the earnings increase in the public sector within 10 per cent. to set an example to the private sector, Mr. Callaghan declared.

But the Government had given the equivalent of a 6.3 per cent. increase in gross pay in addition through tax cuts this year, he added.

Mr. Callaghan reinforced this display of financial probity with a stern word about the problems caused by speculators and their "foot-loose money."

And he firmly bristled with indignation at further Tory suggestions that he might set a spending limit with North Sea oil revenues.

Mr. Tim Renton (C. Mid-Sussex) asked the Prime Minister to give assistance to the National Economic Development Council that the wealth would not be squandered in a further programme of Labour Government extravaganza.

"No, I shall not need to give such an assurance because they would not dream of asking such a stupid question," Mr. Callaghan retorted.

Talks had begun on how the oil revenues would be used, Mr. Callaghan said — and immediately faced a demand from Mr. Norman Buchan (Lab., Newcastle West) that the Treasury should be excluded from the discussions.

The money should be used in regenerate industry, said Mr. Buchan, and not for the overseas investment which the Treasury favoured.

"I have always found the Treasury a bunch of know-it-all sons of bitches," Mr. Callaghan smiled. "It should not be assumed that the Treasury was doing more than attempting to find the right solution to the unanswered problems of sharing out a lot of money," he said.

Mr. Callaghan argued that the reorganization of industry would be the prime target. But he added slyly: "There are occasions when it is not a bad idea to rob a little bit."

It was also prudent to invest a little capital in the home of electoral returns, he indicated. The Government had now set aside some aid and encouragement for small businesses, he told Mr. Robert McDonald (C. Brecon and Radnor). "I am sorry if I am robbing the Opposition of a group of people whom they thought they had in their pockets," he said.

Lord Raglan, chairman of the committee which scrutinises EEC legislation, told the Lords: "It should be strenuously resisted. We would deplore the banning of doorstep selling in this rather special area of commercial life is a proper one for Community regulation."

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"We must be on our guard against measures which purport to protect the consumer but in

Rupert Cornwell finds only one problem for the Conservative campaign in the Bournemouth East by-election

Enticing out the Tory vote

TO-MORROW the inhabitants of Bournemouth East will briefly stir themselves from their early winter hibernation and send a new Conservative to the House of Commons. Some will be aware that his name is David Atkinson; rather fewer, one suspects, that the result might give another shove to the wobbly Lib-Lab pact; and barely a handful that the Labour candidate of the two 1974 elections is actively campaigning in support of the Liberals.

Three points of interest then — but the visitor has to strain to notice that anything is afoot at all. The town goes gently on about its unexciting business.

Its senior citizens' army is safely tucked up from the cold in retirement flats and old people's homes, possibly having read with horror the other day that punk rockers had inflicted £700 of damage to a cinema after a pop concert.

A few off-season business conventions give the place a little生气 something to do, but it might be another planet from the one the former MP, Mr. John Corrie, was helped, tearful and disgraced, from the Commons when he resigned last July.

It is this exercise in evilevity inertia which will be poked and prodded by the pundits: from them they will reach their weighty conclusions about tactical voting and the like, and point the morals for Messrs. Callaghan and Steel. The Nationalists are in the lists, too, but even their shrill body seems resolute of Bournemouth's gentle and sleepy self.

Realistic

The only real worry for the Conservatives is getting out the second twice in a row. But if anyone can do that it is Mr. Atkinson who deliberately contrives his bustle and energy with which they will reach their weighty conclusions about tactical voting and the like, and point the morals for Messrs. Callaghan and Steel. The Nationalists are in the lists, too, but even their shrill body seems resolute of Bournemouth's gentle and sleepy self.

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LABOUR NEWS

Bullock White Paper delayed to New Year

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT'S planned September white paper on industrial democracy is now almost certain not to appear before Christmas and corporate planning, as yet not to be published until early next year. The Bullock Committee completed its report on October 12.

When the White Paper is published, it will be based both on the Bullock Report's ideas and the TUC's later demands for union members to be given a statutory right to disclosure of corporate decisions and consultations on companies' corporate plans.

In this way it will straddle both the TUC's central preference for worker directors and the opposing views of many union leaders who do not want their members to take Boardroom responsibilities.

These union leaders have been calling therefore for collective bargaining to be extended to corporate decisions, an ambition which has now been summed back to extended consultation and discussions.

This combined approach, which bridges the differences between union leaders, emerged yesterday at the TUC's annual Congress in

Resent.

The TUC will complain to ministers that the White Paper does not appear fairly quickly after Christmas. Union leaders are especially likely to resent a consultative document on profit-sharing—now being prepared by the Treasury—overruling industrial democracy in the Parliamentary timetable.

The industrial democracy White Paper, being prepared by a Ministerial Committee under

Grunwick's director bodyguards

MR. GEORGE WARD, of Grunwick, said yesterday that two co-directors acted as bodyguards when he told an angry 6 foot 10 inch employee to come to his office.

Mr. Ward told a London industrial tribunal that 34-year-old Mr. Rushied Mohamed had worked himself into a passion when police arrested four Asian pickets at the strike-torn film processing factory, shouting aggressively: "The arrests are bloody, racist and bloody unfair."

Proposals for moving slowly towards having union-based workers' directors with the same numbers of board seats as shareholders' representatives will therefore be left fairly vague, although a broad Government commitment to the idea will be made.

On extended consultation, which will take up half the document, special attention will be paid to problems such as commercial secrecy and risks of industrial espionage, as well as to the problem of enforcing any statutory rights to consultation.

In the meantime, the Government will continue to encourage the public sector to work out their own ideas on industrial democracy, including worker directors, and other schemes.

A Treasury White Paper on the future structure of nationalised industries due to be published in the next few months will probably discuss how this could happen.

**Vauxhall recalls laid-off workforce**

BY NICK GARNETT AND ARTHUR SMITH

VAUXHALL MOTORS yesterday capitulated by management efforts to start recalling its 21,000 hourly-paid workforce laid off as a result of a pay dispute which lasted more than a month.

The decision was made yes-terday after 800 craftsmen at the company's Ellesmere Port plant voted to return to work on the basis of a pay offer made two weeks ago.

The strike, which originally involved all the company's skilled workers, caused loss production of 27,000 cars, vans and trucks worth £75m. at show room prices.

Efforts were continuing last night to seek a settlement to the three week strike at Leyland Cars Liverpool plant.

The 1,800 strikers, who rejected a peace formula on Monday, have been joined in their action by 500 maintenance employees. The dispute was pre-

Can they hear you when you need financial help?

The fact is, many of Britain's larger financial institutions don't hear or don't listen to smaller companies' requests for assistance.

Despite talk in the City and the Wilson Committee about this need, many of the financial institutions are only paying lip service.

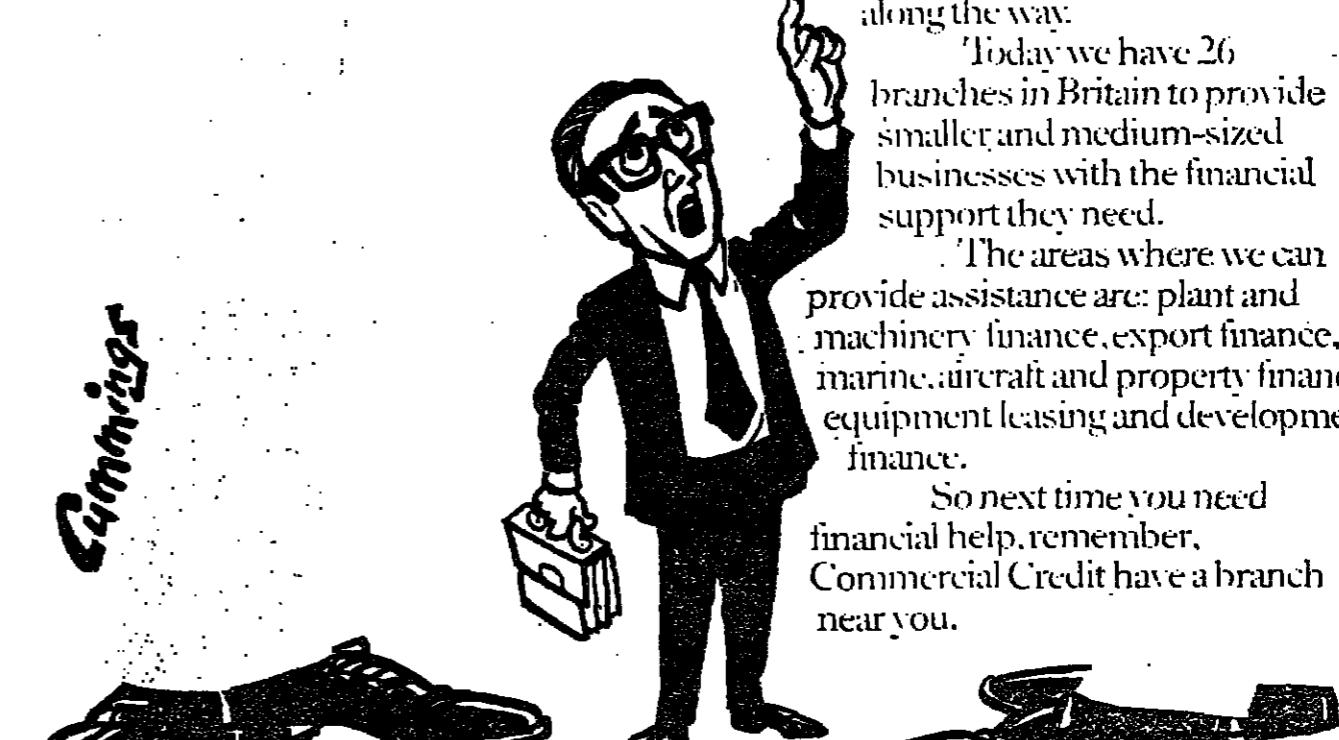
There appears to be a vicious circle in operation. You don't get financial help until you get big; but you don't get big without financial help.

Since 1912, Commercial Credit have cared very much about this problem. Indeed, our care and insight into the problems of smaller companies have taken our assets to over £2 billion, whilst helping some very well-known companies along the way.

Today we have 26 branches in Britain to provide smaller and medium-sized businesses with the financial support they need.

The areas where we can provide assistance are: plant and machinery finance, export finance, marine, aircraft and property finance, equipment leasing and development finance.

So next time you need financial help, remember, Commercial Credit have a branch near you.

**COMMERCIAL CREDIT**
A helping hand when you need one.

Commercial Credit Services Limited, Grosvenor House, 125 High Street, Croydon CR9 1PU. Tel: 01-686 3466.

NEWS ANALYSIS—THE MIRROR DISPUTE**Pay pitfalls for Fleet Street**

BY ALAN PIKE, LABOUR CORRESPONDENT

THE UNSETTLING effects of newspaper journalists have, in recent years, been conducted at individual office (house) level. This is again the case this week, as the Daily Mirror, which has this week published the Daily Mirror in London, has this week published the Daily Mirror in London. The Mirror's London editions ed to appear this morning the third successive day.

Pay negotiations for national newspaper journalists were stalled from the outset to cause particular difficulties this year. Journalists were one of the few up-scales who had not settled under Phase Two when it became apparent that there was no going back. Some offices have concluded agreements which incorporate Phase Two settlements and the main problem has arisen at Mirror Group Newspapers, where the journalists' negotiations coincide with plans by the company to introduce new technology.

The attitude of the NUJ executive was to "note" the TUC's guidelines—in effect an indication to its Fleet Street chapters that they must accept Phase Two, but seek the best arrangements for peripheral aspects of their house agreements.

Some offices have concluded agreements which incorporate Phase Two settlements and the main problem has arisen at Mirror Group Newspapers, where the journalists' negotiations coincide with plans by the company to introduce new technology.

At the Daily Mirror, which is money being claimed and is to be restricted to April next year. Journalists claimed increases of £3,000 a week. This also means that employers, year across the board for co-operation, with new arrangements for national on the group's publications sub-

Levy call over NUJ dispute

BY OUR LABOUR CORRESPONDENT

THE NATIONAL Union of Journalists should be ready to end disruptive action which has hindered production in recent weeks.

Against this, the company has offered Daily Mirror about £7,150 and Sunday People about £7,600. The offer accepted a broadly similar one.

They were dismissed and this has prevented publication this week.

The company is insisting that

the journalists must not only accept the offer but must agree to end disruptive action which has hindered production in recent weeks.

With average earnings on the Daily Mirror about £7,150 and Sunday People about £7,600, the offer accepted a broadly similar one.

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With average earnings on the Daily Mirror

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

• HANDLING

Speeds production of mirrors

NEW SILVERING facilities at station, the sheets get a layer of silver nitrate, followed by one of copper sulphate, sprayed evenly over the whole surface, as the sheets pass at speeds up to 6 metres per minute. Control of depositions is from two consoles which regulate the movement of spray jets and their piping units.

Since some 40 per cent of production is going for export, mainly to Europe and the Scandinavian countries, the development is of considerable importance to the company, which expects next year to raise overseas sales to around £1m.

The kernel of the development is a new £400,000 silverying conveyor some 90 metres long and designed and supplied by Eugene Klopfer of Dordrecht. This is capable of handling float glass sheets up to 4,000mm by 2,600mm at a rate of 800 square metres an hour, in thicknesses of 2 to 8 mm. Surface treatments to glass such as screen printing can also be silvered and the line will cope with the thinner 2mm sheet mirrors used in automatic and mobile goods.

Apart from loading and unloading, the whole process is automatic starting with the cleaning of stock sheets by rotating synthetic fibre brushes using water and detergent. Conveyed to the deposition



First off the production line and undergoing final tests is this static uninterruptible power supply unit that Chloride Transpack is providing for the trans-Siberian natural gas pipeline as one of six under a contract worth £1m. These 14-kVA units will be set up in unmanned pumping stations along the line, each including two inverters with a 110-V battery and charger device. In normal use, the control

and safety instrumentation in the pumping system will draw power from the inverter, fed from the mains. This protects the instruments from voltage spikes, or frequency transients. If the mains fail completely, switching to the batteries is automatic and the load is maintained for up to two hours. Transpack engineers will commission the equipment on site in the USSR. More from the company on 01-460 8861.

• COMPUTING

More from Extel

HAVING clocked up sales of over 50 DTC systems since the equipment was introduced last year, Extel's engineering division has announced a more powerful version of the DTC Microfile microcomputer to accommodate four terminals.

Divisional general manager Peter Nelson believes that the latest model, which sells for £1,500 (plus £100 software fee), offers small business systems users many of the facilities of a minicomputer but at much lower cost. The four terminal ports are available with RS232C interface and can be independently selected for speed, parity and function. Made by Data Terminal Corporation in the U.S., Microfile is based on an Intel 8008 microprocessor and has two or four flexible disc drives.

Business software packages for sales ledger and stock control, or business forms—more on

• MATERIALS

Resists a hard blow

INTENDED FOR applications where high impact strength is essential, Paxton is a new modified rigid PVC sheet material by ICI. The calendered, pressed sheet is also extremely tough, has good clarity, and is easy to work.

With high strength characteristics approximately equal to polycarbonate sheet, the new sheet is about 25 per cent cheaper.

There is also a new version of the M30/RO receive-only matrix printer which has a sprocket feed system designed to ensure accurate registration when printing on labels, forms or unprepared paper.

Business software packages for sales ledger and stock control, or business forms—more on

• METALWORKING

Can-making plant simplified

DURING automatic production conveyors, eliminates expensive cans on interlinked machines turn-over baskets as well as feed the can bodies from the body-chambers and elevators. The maker is flanged at both ends noise from the movement of cans in an automatic unit so that the is greatly reduced and there is bottom can be inserted in a no damage to the can surfaces further operation and the cans closed with a lid after they have been filled.

Up to now machines were built with predominantly horizontally operating tools. The can bodies came out of the body-maker in a horizontal position. were conveyed upright by a spindle flanger handles can magnetic elevator to a height of 2 to 3 m, slid downwards in a plate with non-circular cross-section and a maximum height of 250 mm. Its capacity depends on the can size with a maximum cross-section of 150 by 150 mm.

80 cans are handled per minute and with a cross-section of 80 by 80 mm about 150 cans.

With non-circular tools, the largest diagonal can be 185 mm. Circular cans with a maximum diameter of 189 mm can also be handled. The cans do not need to be turned again or raised by a magnetic elevator.

This design makes for simpler

assembly and start-up times of the flanger and reduced investment costs. Tool costs are also less compared with multiple spindle machines.

The automatic vertical single-

spindle driver heads will be needed and that the price of the new

screws will be the same as the old. The new recess will be used in wood, self-tapping, and machine screws, and sales will start on January 3 next year.

Most of GKN's licensed manufacturers at home and abroad have undertaken to make the new product.

The Supadriv recess is similar to the Pödriv but is shallower and the ends of the four wings make a smaller angle with the vertical—20 instead of 26 deg.

The result is that even at screwdriver angles up to eight degrees with the screw axis the driver head is not likely to ride out of the recess causing damage to the tool, the workpiece, or to the operator.

The Pödriv idea of a size 8

of driver into recess has been abandoned. GKN admits that it only occurs under ideal conditions, which vanish if paint for example gets into the recess.

Surprisingly, drive-in the new recess is very positive, in spite of a "stepover".

Advantages are evident—faster assembly, better productivity and reduced costs. More on 021-558 2141.

• SECURITY

Engraving metal

WHERE MOBILITY is essential static one is also available if

and performance in the removal of the roughest or most difficult metals must equal that of static

equipment a mobile electro-discharge unit for spark-erosion operations is being made available.

Production of complex moulds

and dies and the manufacture of components requiring fine slots and holes is the role of the equipment which is also suggested as a tool to research and training establishments.

The makers believe it offers the most economical method of

shaping hardened tool steels, the carbides and other exotic alloys

which are extremely difficult to

machined by other methods, at least if high precision results are to be achieved.

The equipment consists of a

further details from EDM

discharge assembly, electrode

Technology (U.K.), Unit 6,

Chairfield Industrial Estate,

Stroud, Gloucs. GL5 8XZ 045-338

279.

• QUALITY CONTROL

Tells when watch may fail

SWISS watch manufacturers are using a newly developed contact

operator-operated device which

accelerates the ageing of both

electronic and mechanical

watches by three to five times,

thus enabling timepieces to be

exhaustively tested and proved

before new designs reach the

consumer.

The device, the "Chrono-

matic," is the first of its type

and is a major development in

assuring the quality of watches

from an industry which is under

massive competitive pressure.

• ENERGY

Learning about sun-power

MORE THAN 100 Seattle archi-

tects have been back to school rather than the addition of

to learn the latest concepts for pumps, collectors and other

designing buildings using solar

energy.

The classes are a trial seg-

ment of a Department of Energy

in the U.S. north-west solar fu-

el technology transfer pro-

gramme which solar informa-

tion available to the public.

More from Battelle's Pacific

Information Outlets. A one-day

Northwest Laboratories, Battelle

Richland, Washington 99362

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PROBLEMS

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Telex 337125

• ASSEMBLY

Reshaping a screw

WITH AN eye on the fact that the Pödriv recessed screw patent runs out next year, GKN Fasteners has been developing the screw's successor, to be known as Supadriv, which has a new type of head.

Some 4bn recessed screws are used in the U.K. alone each year; as the major supplier GKN is at pains to emphasise that no new driver heads will be needed and that the price of the new

screws will be the same as the old. The new recess will be used in wood, self-tapping, and machine screws, and sales will start on January 3 next year.

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• SECURITY

Engraving metal

USING A small electric arc pen-like device can engrave an

metal object to apply part

numbers identification and

security codes, etc.

Operating at only 7v, from

main transformer, the pen has

point which can be adjusted to

make shallow or deep, thick or

thin marks.

Called the Actagap, it is man-

ufactured by Ketton Trading Company, High Street, Ketton, Stamford, Lincs. (0780 720249).

• ENERGY

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begin manufacture in

Britain, Cwmbran's

experience can be of real

value to you: for Cwmbran

is one of Britain's most

successful industrial

developments. Cwmbran

Development Corporation

with almost 100 factories

in a broad spectrum

and let them all within a

year! Already more than

170 industrialists have made

Cwmbran their industrial

homes. We know the

problems of relocation and

have solved them.

London is only 60 mins.

away by the new High

Speed Train and only a

matter of two hours by

air. We are 90 miles from

Birmingham and 100 miles

from Cardiff, Wales.

We have 45,000 people,

excellent houses, schools

and shops, and every

facility for work and leisure.

Modern factories and

industrial sites are still

Read this before your Financial Director.

It's about car rental. Or, rather, it's about money.
Hence your Financial Director's interest. And it would be much
better to talk to him about it, before he talks to you about it.

What do you say? Something like this:

"Sir," (or Mr Smithers, or Ted, or You Old Skinflint—depends on the terms you're on), "we rent cars".

"And I've discovered a way to boost our profits by renting cars for far less money".

(Carry on. He's hooked).

"There's a British company called Swan National. They have 70 locations throughout the country, each operating a one-way rental system at no extra charge. Their fleet of long and short term rental cars is possibly the largest in the land. They have InterRent car rental link-ups in 33 countries. Point is, they charge less. Far less. Look".

At this point, put this table under his nose:

Taken from tariffs: Swan National 1st June 1977, Avis 1st July 1977, Godfrey Davis 4th July 1977, Hertz October 1977.

TYPE OF CAR	SWAN NATIONAL	AVIS	GODFREY DAVIS	HERTZ
 FORD ESCORT 1300 OR SIMILAR	DAILY PER MILE £4.25 (5p) UNLIMITED WEEKLY £49.45	£4.95 (5½p) £60.00	£4.95 (5½p) £59.50	(13 GL model) £4.95 (6p) £90.00
 FORD CORTINA 1600 OR SIMILAR	DAILY PER MILE £5.85 (6p) UNLIMITED WEEKLY £63.05	£6.25 (6½p) £75.00	£6.25 (6½p) £71.75	£7.00 (8p) £115.00
 FORD CORTINA ESTATE 1600 OR SIMILAR	DAILY PER MILE £6.75 (7p) UNLIMITED WEEKLY £72.80	£8.50 (8½p) £102.00	£8.25 (8½p) £94.50	(GL model) £11.00 (11p) Not shown
 FORD GRANADA GL 1600 OR SIMILAR	DAILY PER MILE £9.75 (10p) UNLIMITED WEEKLY £109.85	£13.00 (12½p) N/A	£12.50 (13p) £141.75	(Ghia model) £19.00 (19p) Not shown

Compare them and see how much you can save with Swan National.

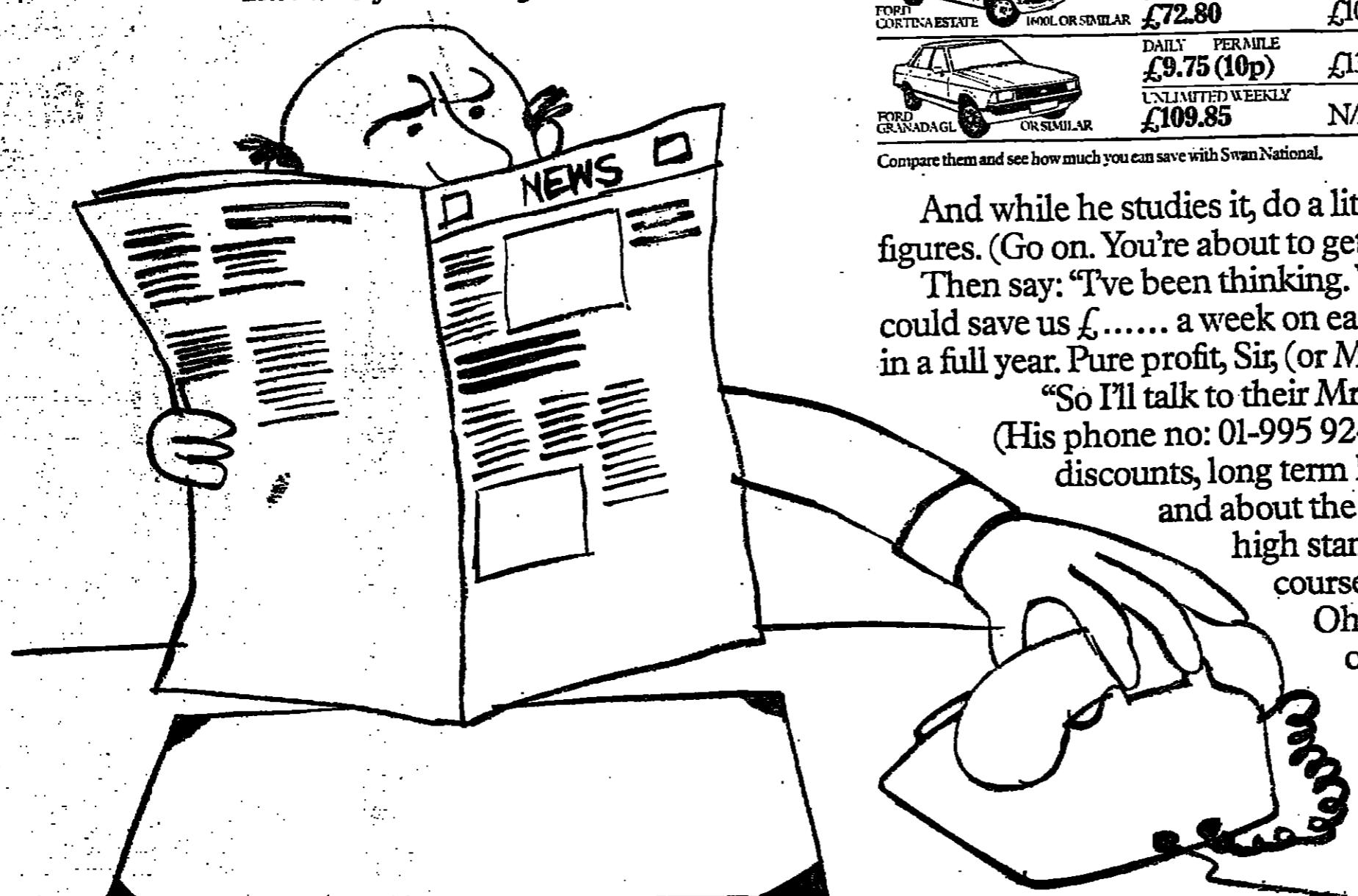
And while he studies it, do a little work to fill in the following figures. (Go on. You're about to get a rise, aren't you?)

Then say: 'I've been thinking. We rent..... cars. Swan National could save us £..... a week on each. That's a total saving of £..... in a full year. Pure profit, Sir, (or Mr Smithers, etc.)

"So I'll talk to their Mr Grimshaw about it, shall I?"

(His phone no: 01-995 9242). "I'll ask him about volume discounts, long term leasing, vans, credit arrangements, and about the range of cars they offer and the high standards they work to. Yes, right, of course. I'll do it this morning.

Oh... Oh, thank you, that's very nice of you, Sir (or Ted, or whatever)".



SWAN NATIONAL



Make the switch and make more money.

Albania's uncomfortable dependence upon China

BY GEOFFREY STERN, Recently in Albania

THE PLACARD outside my hotel in the Albanian resort of Durres proclaimed "long live Chinese-Albanian friendship." It looked as fresh as it did on my last visit five years ago, and was one of many signs that the crisis in Albanian-Chinese relations may not be as serious as reports earlier this year suggested. Equally, it is clear that things are not going as well as before.

In most large towns the Chinese presence is still inescapable. Moreover, although fewer in number, the Chinese appear to be treated with a deference bordering on the obsequious.

When China's Deputy Foreign Trade Minister and his retinue stopped off at Pogradec on Lake Ohrid, the hotel staff lined up one by one to bow before their distinguished guests, while a couple of Albanians polished the diplomatic Volvo outside.

Tirana's debt to China is enormous. Ever since the two countries cemented their following Tirana's diplomatic break with Moscow in 1961, the Chinese have been underwriting Albania's five-year plans accounting until recently for nearly two-thirds of Tirana's trade, and providing assistance for the most primitive economy in Europe. Most of the new machines for the factories and mines have come from China, as have the bulk of the tractors on the farms, the rolling stock on the railways and the trucks, jeeps and bicycles on the roads.

Peking has also provided equipment and supplies for hospitals,



Enver Hoxha, Albania's leader.



schools and other institutions, copper wire and other plants re- and has almost completed its re- plication, the major targets. Their burden is that genuine sification of the propaganda industry by means of which the Stalinist regime of 65-year-old Enver Hoxha attempts to secure good Albanian products than five Yugoslav, West Germany or the EEC—which has been doing its recent years. Meantime, in his report submitted to the seventh Party Congress last November, Mr. Hoxha discussed China's new strong man, Vice Premier Teng Hsiao-ping, as a "counter-revolutionary" and condemned the concept of a "third world," to which the Chinese subscribe, as a "revisionist" heresy.

In private Albanians enlarged

upon these official misgivings, though it is an indication of the delicacy of the situation that in minerals. Hydro-electric plants public they depict Sino-Albanian relations in a rosier hue. One official who had proclaimed "proletarian internationalism, Marxist-Leninism and mutual respect" for the first time in 1964, now says: "We have brought electricity to the whole country, and there is a surplus for export to Yugoslavia."

Some key Peking-aligned projects, such as the vast metallurgical complex at Elbasan and with Peking admitted privately that he felt that in their dealings with foreign powers the Chinese had gone far beyond what was necessary for "peaceful co-existence." Another confessed disquiet at the fall of the "genuine Marxist-Leninists," whom the Chinese call the Gang of Four.

What emerges is a paradox, with the Albanians feting the emissaries of a Government whose devotion to principle they find increasingly suspect. It is best explained by the fact that Communist-ruled States always draw a distinction between Party relations, which in this case are bad, and State to State relations, which are better.

The Albanians are taking no chances: though they still need Chinese help to overcome their poverty and backwardness more than ever, they emphasize the merits of "self reliance" and what they term "beating the blockade."

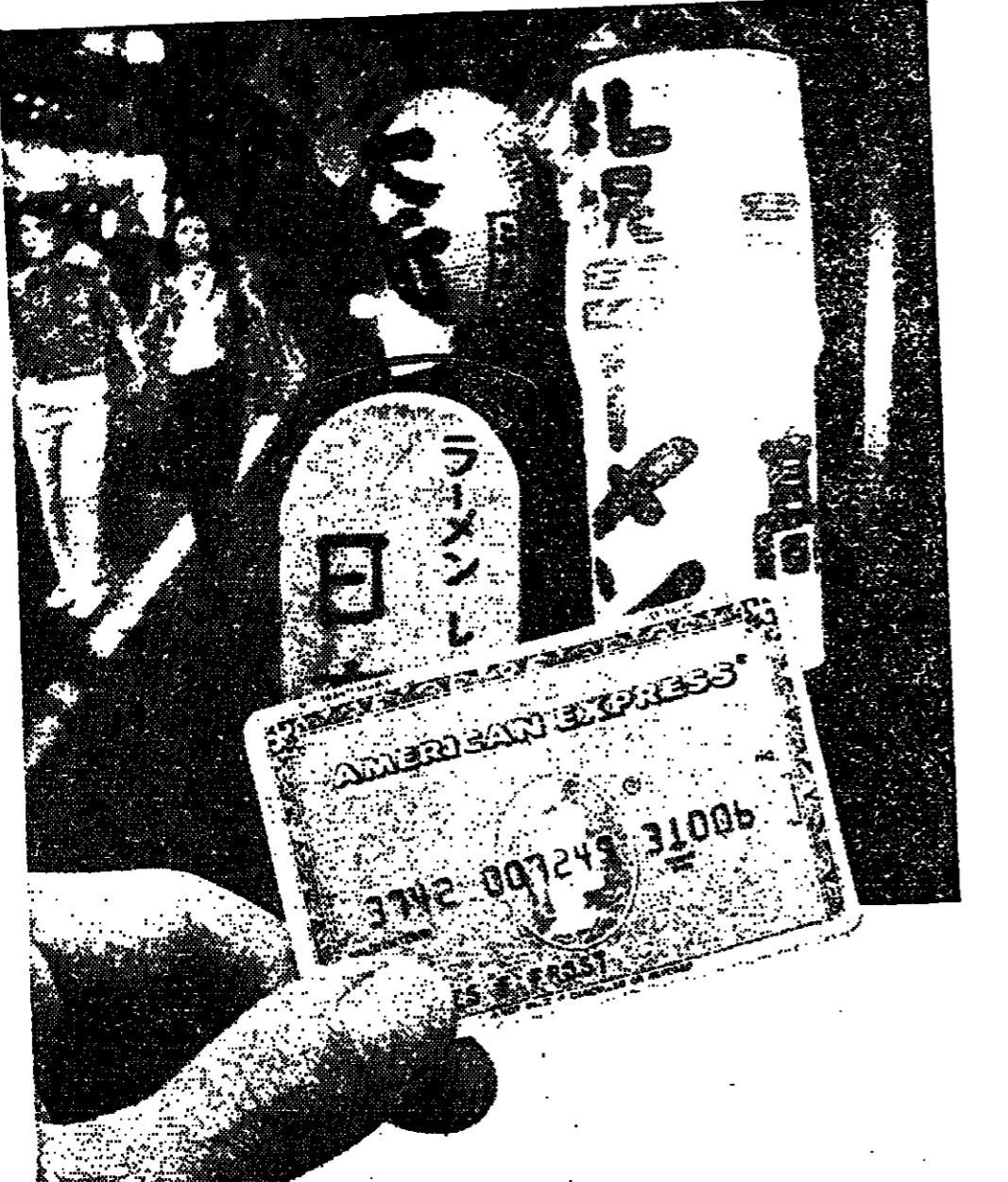
Albania produces many of the spare parts it requires to service its textile and other industries and has recently become an exporter of precision tools. It is no obvious successor to the ailing Party chief it is by no means certain that the peculiar communism of the attractions for the Chinese. It is also self-sufficient, which constitutes the system to-day will survive its creator.

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and carry the Card.

When you're flying to somewhere as far off and foreign as Japan, it's always good to travel in an environment that is familiar and relaxing—that makes you feel at home.



So it makes a lot of sense to Fly the Flag with British Airways—the airline which offers you a weekly choice of five direct flights to Tokyo, and soon two to Osaka.

Once in Japan, the international status of the American Express Card will provide you with the security and convenience to make your trip more enjoyable—just as it does at home.

You can use it to hire a car with no deposit; to pay your bills in most fine hotels, restaurants and shops—even to pay for that airline ticket.

For details of British Airways flights to Japan, call in at your Travel Agent or British Airways shop.

For details of the American Express Card, call 0273-693555.

British airways

Together we make travel easier. ®

Financial Times Wednesday November 23 1977

Entertainment Guide

See These Theatres REC'D. CLOTHES LINE, 01-437 6834. GENEVIEVE, 01-437 6834. THEATRES

OPEN SPACE THEATRE, 01-240 5255. JAZZ, 01-437 6834. L.A. STAGE, 01-437 6834. CLOSER SCENES FROM THE KING KONG

BALANCE, 01-437 6834. JESUS CHRIST SUPERSTAR, 01-437 6834. SUPERSTAR, 01-437 6834. KING KONG, 01-437 6834.

MONDAY, 01-437 6834. SATURDAY, 01-437 6834. SUNDAY, 01-437 6834. MONDAY, 01-437 6834. SATURDAY, 01-437 6834. SUNDAY, 01-437 6834.

PHOENIX, 01-437 6834. WEDNESDAY, 01-437 6834. THURSDAY, 01-437 6834. FRIDAY, 01-437 6834. SATURDAY, 01-437 6834. SUNDAY, 01-437 6834.

KING MICHAEL, THE BEST PERFORMANCE RESTORATION, 01-437 6834. PENelope Keith is magnificent. Outstanding role of buyout show.

TOUCHED BY ANGELS, 01-437 6834. Directed by PATRICK GARLAND. Must-see! Seen 25 prior to Australia.

THEATRES

ADOLPH THREBURN, 01-437 6834. EVERLASTING THREBURN, 01-437 6834. THE LONDON'S BEST NIGHT OUT, 01-437 6834. SPECTACLE, 01-437 6834. CLOSER SCENES FROM THE KING KONG, 01-437 6834. RACCOON, 01-437 6834. IRINE, 01-437 6834. THE MUSICAL MUSICAL, 01-437 6834. EVERYTHING, 01-437 6834.

INSTANT CONFIRMED CREDIT CARD BOOKING ON 01-437 6834.

ALBURY, CC, 036 3374. Friday, 8.30. Mat., Thurs., 3.00. Sets, 5.30 and 8.30. DEBORAH KERR, 01-437 6834.

TWO MAJOR PERFORMANCES, 01-437 6834. Bernard Shaw, 01-437 6834.

IMPOSSIBLE, 01-437 6834. ROBERT ALDREDGE, 01-437 6834. Directed by Michael Blakemore. Credit card seen 25 prior to Australia.

LAST 4 WEEKS

ALBURY, CC, 036 3374. Friday, 8.30. Mat., Thurs., 3.00. Sets, 5.30 and 8.30. DEBORAH KERR, 01-437 6834.

TWO MAJOR PERFORMANCES, 01-437 6834. Bernard Shaw, 01-437 6834.

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QUEEN'S THEATRE, 01-437 6834. *TOMAS LEONARD*, 01-437 6834. and chief abo

THE OLD COUNTRY, 01-437 6834. ROYAL SHAKESPEARE COMPANY IN RESORTS, 01-437 6834. THE COMEDY OF ERRORS, 01-437 6834. *ONE OF THE MOST NOISOME DRAMAS OF THE CENTURY*, 01-437 6834. THE DAY'S COMING, 01-437 6834. *ONE OF THE MOST NOISOME DRAMAS OF THE CENTURY*, 01-437 6834. Directed by Michael Blakemore. Credit card seen 25 prior to Australia.

RAYMOND REVELLES, CC, 01-437 6834. AC, 2.30. Sat., 8.30. Mat., 3.30. Sets, 5.30 and 8.30. ROYAL COURT, 01-437 6834. *SOMETHING'S AFOOT*, 01-437 6834. Directed by Michael Blakemore. Credit card seen 25 prior to Australia.

APOLLO, 01-437 6834. *WILLIAM SHAKESPEARE'S COMEDY OF ERRORS*, 01-437 6834. Directed by Michael Blakemore. Credit card seen 25 prior to Australia.

ASTORIA, Charlton, 01-437 6834. ASTORIA, Charlton, 01-437 6834. (Non-Thurs., 8.30, Sat., 3.30, Sun., 6.45) *ELVIS*, 01-437 6834. Directed by Clifford Williams.

Open November 28th. Ticket prices £1.50-£3.50. Advance booking, 01-437 6834. Instant Credit Card Reservations, December 5th. See also *Save the Date*. Tel: 01-437 6834. London, Tottenham Court Road.

CAVENHILL, CC, 036 6306. Mon., 7.30. THURSDAY, 01-437 6834. *THINK OF ENGLAND*, 01-437 6834. Directed by Clifford Williams.

CHAMBERS, 01-437 6834. Directed by Clifford Williams.

CHESTERFIELD, 01-437 6834. Directed by Clifford Williams.

CLIFFORD WILLIAMS, 01-437 6834. Directed by Clifford Williams.

COVENT GARDEN, CC, 01-437 6834. Directed by Clifford Williams.

DRAGS, 01-437 6834. Directed by Clifford Williams.

ELSTREE STUDIO, 01-437 6834. Directed by Clifford Williams.

FESTIVAL OF BRITISH DRAMA, 01-437 6834. Directed by Clifford Williams.

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The Management Page

EDITED BY CHRISTOPHER LORENZ

HAILERS are not, or at any rate, the UK delegation returned from its mission race; so it was all the official described as "modified to see the rapture" and this from an interview of satisfaction which seems on the evidence of general chat to have elevated Mr. William Rodgers to a pinnacle of affection accorded to precious few transport secretaries in the last driving day.

Certainly, Mr. Rodgers did what none of his predecessors had done. He has come up to the issue of drivers' hours, although they have previously tackled as ruinous changes, the expiry of the old regulations which would penalise them to the extent of £530m a year. Perhaps the election officials are now negotiating in good faith, but some steps will have to take in the next three months; or maybe the feeling is traditional delight at the first period of certainty on this issue since Britain joined the Community.

France which had previously vetoed Britain's request This should at least allow a period of grace.

(especially of bus schedules), to take advantage of loopholes in the law, such as the exemption for vehicles engaged in package delivery, was welcome to the industry. Of particular alarm is the fact that from January next year, all heavy lorries to give Mr. Rodgers or his successor a chance to work on other European transport ministers to change some of the two drivers or carry a tachograph at the cost of extra payments to drivers in time to save and nor does the Department of Transport, which guesses at a figure nearer £150m. Indeed, there are a number of large business like the common driving licence, quotas for lorry transits, common railway accounting and lorry weights.

In addition, we look like getting a marked advantage under the What will the avidly pro-



Hauliers contemplate their brief reprieve

European Mr. Rodgers find to ing the efficiency of the freight crusade about in Europe now? industry. The most contentious Can we expect more successes —whether Britain should from the "more European than increase the maximum permitted gross weight of vehicles than" approach which was said to have been a persuasive component in his recent success and which contrasts so sharply, say, with the style on agriculture of Mr. John Silkin?

Mr. Rodgers' dream is to arrive in Brussels one day and find fellow ministers talking about transport philosophy and its effect on the consumer rather than regulation 543/69 or 1463/70. Attempts to strike a more general policy-making tone have so far fallen on deaf ears and the immediate transport horizon in Brussels is cluttered about EEC co-operation. Again,

Then there are the railways, with Germany especially in deep trouble with mounting subsidies and a generally lacklustre air about EEC co-operation. Again, the Community has a choice between endless haggles over comparative costs or positive co-operation on trans-boundary movements. This is the stuff of which real transport policy would be made.

Ian Hargreaves

Nicholas Leslie asks a former Leyland chief about his new interest in small companies

MANAGEMENT experience within a big company can provide the most vital ingredient for the development of a small business beyond its initial stages. So says John Barber, who until just over two years ago occupied the managing director's hot seat at British Leyland.

Big companies, he feels, provide the opportunity for broadening management experience which small ones cannot. He says: "There is an infinite number of things to think about management and until you have been in a big company you don't fully realise what they are."

Mr. Barber's beliefs are now being put to the test. For a company which he is chairman, Electrical Industries Associated with Pullmax International, has now part

recently purchased two very modest concerns, one of which main Board director of Ford as necessitated a rescue being for several years. Among the et in train, while the other will present appointments he holds involve injecting cash into a directorship of Acrow, a small, technologically successful major force in the construction company which competes with equipment field and certainly American and Japanese giants.

The two companies which successful companies with an impressive undisturbed record of

Hacker Radio—which makes profit growth over 30 years.

High-quality radio and stereo equipment—and Merrychef, which makes microwave ovens

a one respect they have some association with the industries in common—but needed he knows best seems a strange

ash. But beyond that they are chosen for Mr. Barber.

An entirely different business He, of course, does not see

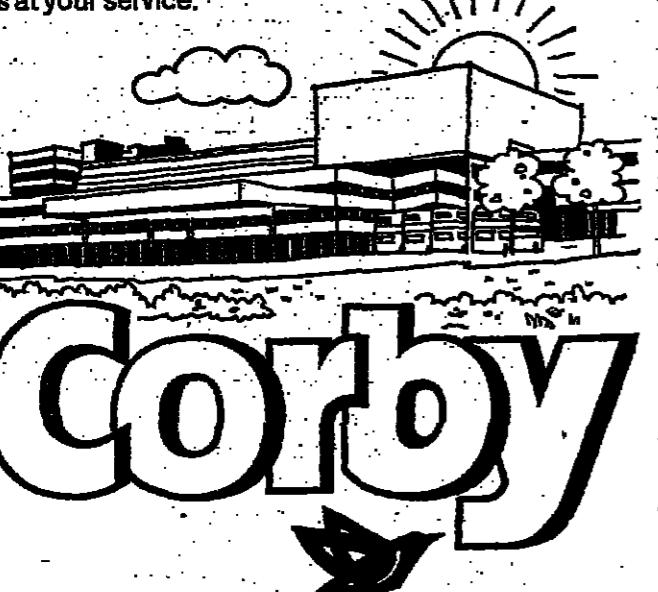
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Learning from the big battalions

it that way. But to follow his logic one needs to go back to last December when he joined Pullmax. This is a company which carved out a very useful niche in the motor vehicle industry by making a patented suspension system for seating (basically, that means a sprung inner frame).

The main shareholder of Pullmax died three years ago. The company carried on, but then a controlling stake was subsequently bought by Mr. Simon (Jimmy) Lyons, who recognised that it needed new purpose and direction and sought the aid of John Barber, who took up the position of part-time non-executive chairman.

One of Mr. Barber's early moves was to bring new people into management and to embark on a reorganisation that entailed tightening up production and financial systems and putting fresh emphasis on the marketing effort. New management recruits included Keith Taylor, formerly a divisional director of Smiths Industries and U.K. marketing director of the motor accessories sales and services division, and Clive Steiner, formerly manager, central accounting and control, British Leyland. Another recruit was Andrew Marre, who used to be an economic adviser to Alex Park, Leyland's executive vice-chairman.

At the same time as new management was being recruited, the Pullmax business was being expanded, particularly overseas. It now manufactures in Tokyo for Nissan and others in Sweden for Volvo, and in Belgium for Volkswagen. Ford of Germany and Renault

have also decided to set up a joint venture in Italy as a launching pad into the Italian car market, and negotiations are under way to set up a joint company in Brazil.

But despite this flurry of activity, it soon became clear that the company had a very narrow product base, comments Mr. Barber. In assessing where diversification should take place, it was decided that any acquisition should be in a consumer-oriented market since this was where most of the senior executives' experience lay, either directly or indirectly.

It was also decided that any purchase should fit two fundamental criteria. It would either be in a new field where there was natural growth and a limited number of competitors (Merrychef fits this bill); or

should be a run-down concern, providing Pullmax with the opportunity to buy its assets at a discount on real worth and then turn the company round, for action. When Pullmax even though it might be in an already well served market had gone out of business and (Hacker fits this category).

What was to be avoided was the expensive purchase of a small company which operated in an already well supplied market portion of the old workforce, and which would need large amounts of cash in order to seem to indicate, was that it had too many product lines.

To find potential purchases Barber "put out feelers" in several directions — merchant banks, accountants, newspapers and stockbrokers. In the event another move he initiated and considers very important was to increase research expenditure, with the result that three new products have already been patented since he joined the company. A factory has been set up in Italy as a launching pad into the Italian car market, and negotiations are under way to set up a joint company in Brazil.

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BUSINESS PROBLEM BY OUR LEGAL STAFF

Taxing of legal costs

Referring to the taxing of legal costs, I understand that if the Registrar reduces the cost claimed by more than one-sixth then the costs of taxing the bill of costs falls on the relieved party. Is this correct?

A distinction should be drawn between taxing costs as between parties to an action, and taxing costs as between a solicitor and his own client. The one-sixth rule (now one-fifth) applies only to the latter, that is, as a means of determining the incidence of the

costs where the only dispute between the parties is as to the extent of a bill of costs. We infer from your letter that you have in mind the taxing of costs as between parties to litigation. In that event the costs of taxation normally fall on the party ordered to pay costs, but the taxing master or registrar has a discretion to award the costs of an objection according to the outcome of that objection.

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Wednesday November 23 1977

Unemployment trends

THE FACT that the total number of people unemployed in October fell again between mid-October and mid-November is not in itself of great statistical importance. The principal reason for the continuing fall was the disappearance from the register, either into normal work or into one of the various emergency work or training schemes organised by the Government of school leavers. One of the few unquestionably encouraging aspects of the present employment situation, in fact, is that the great bulk of this year's school leavers are now off the register—a better achievement than was widely expected earlier in the year.

To gauge the underlying trend of unemployment, however, one must set aside such specific factors as school leavers and make allowance for normal seasonal fluctuations in the demand for labour. When this is done, the picture certainly looks better than for some time past, but there is some reason to doubt whether it is really as good as it looks. The last set of unemployment figures suggested that the trend, after running quite steadily upwards for four months in succession, had suddenly turned downwards. Mr. Healey gave a specific warning against attaching much significance to this apparent change of direction, which in fact seems to have been largely due to the statistical treatment of school leavers aged more than 17 and classified as adults.

Slower rise

Yesterday's figures show a further but much slighter drop in the underlying level of unemployment combined with a further but much smaller rise in the number of registered but unfilled job vacancies. The vacancies trend is always interesting as a guide to the demand for labour, but the total is relatively small and the month-to-month fluctuations since the spring exhibit no regular pattern. The month-to-month fluctuations in the level of unemployment, too, have been unusually irregular this year—a falling tendency which the MSC is pushing from February to May; a very marked tendency to rise between June and September; a of this dilemma.

Subsidies and trade

BRITISH GOVERNMENTS are not the only ones to have resorted increasingly in recent years to industrial subsidies. Government intervention in the form of financial aids and incentives of one kind or another has been growing rapidly both in scale and in complexity throughout the industrialised and developing world. The post-1973 recession generated new pressures for assistance but the trend had set in much earlier as governments came to realise that this was one form of protectionist action which was still available to them in an international economic system formally committed to the dismantling of tariffs and other overt trade barriers.

Protectionist

In the developing world, financial aids are often provided for openly protectionist reasons to assist infant manufacturing industries and to offset the effects of an over-valued exchange rate maintained so as to bolster export earnings from the sale of primary commodities. Among industrialised countries, it is certainly not unknown for aids to be granted to encourage exporting or import-saving activities, but even assistance provided for other political motives, such as the preservation or creation of employment, the encouragement of investment, research or energy conservation, or to offset regional imbalances, can have a significant, albeit indirect, distorting effect on international trade. Many studies have attested to the growing threat that these interventions are posing to the international trading system, the latest being the report by Dr. Harald Malmgren, deputy special representative for trade negotiations in the Ford Administration, which the Trade Policy Research Centre in help to reduce the risk of conflict with other countries and London has published to-day.

As Dr. Malmgren points out, the threat of unilateral the last multilateral attempt to retaliatory action. There are in grapple with the problems any case very strong grounds posed by industrial subsidies for questioning whether any under the aegis of the GATT industrial subsidies confer any was in 1960, but the declaration real lasting benefit. An inter-issued then did not take the national code would at least question very far and little help all governments to contain pressure has been made since to the domestic pressures to establish a more comprehensive face from differing sectional set of international rules. An interests.

New tactics against the Provos

By GILES MERRITT, in Belfast

PROVISIONAL IRA statements are often a test of credibility, and the latest significant change in Republican News is no exception. Acknowledging that the firemen's strike has given them a unique opportunity to firebomb Ulster, the Provos said that they have refrained from wreaking havoc because they support the firemen's pay claim: an incendiary campaign, the IRA added, would put the firemen under pressure to return to work on security grounds.

Whatever the truth of the matter—and the fact is that cassette firebombs during the last ten days' emergency have been planted at about the rate of three a day, but many have been defused—the Provisionals have not exploited the situation as they might. Failing to strike on cue is an IRA tactic. Northern Ireland is nevertheless puzzled, and while a rash of firebombs is still very much on the cards the province cannot help wondering what the strength of the Provisional IRA now is.

Signs of hope

The signs are that it is a very different guerrilla organisation that which kept Northern Ireland on the edge of civil war in previous years. The best judges of that are soldiers who can compare to-day's conditions with earlier tours of duty when the Army barely had the upper hand. This month the second battalion of the Grenadier Guards has moved back into Londonderry after a respite that included Hong Kong and latterly Changing the Guard at Buckingham Palace. After a preliminary tour of his "patch" which includes the Catholic strongholds of Bogside and the Creggan, its CO, Lt-Col. Dermot Blundell, found it a very different place to the war-torn city he last saw in 1973.

Professional soldiers do not necessarily look for the things an outsider might expect, and Dermot Blundell says he was most struck by the amount of new housing and the affability of children who four years ago would have been shoving abuse, if not throwing bricks. Within hours of settling in, though, a soldier in another part of the city was shot and injured by a Provo gunman, and it was a salutary reminder that terrorism has not yet been defeated. But Derry, like the rest of Northern Ireland, has this year seen a near-inertial return to near-normality, and the question uppermost in Ulster's mind is whether or not the Provisionals are now bleeding to death.

Several weeks ago, the IRA's hard-core in what were once the No-Go areas of "Free Derry" was estimated at less than 20. Could be counter-productive; too few, and Loyalist fears of laxity could trigger a vigilante backlash.

Apart from their dwindling acceptance by the local population is the aim, and this speaks volumes for the way the atmosphere has improved.

Troop level reductions are also a logical extension of "The Way Ahead" policy, and, while as a synergy in 2+2+2, Mr. Roy Mason, the Northern Ireland Secretary, recently spoke of a review, the signs are open to deal with sniping taken. Two battalions are likely to go, bringing troop strength down to just over 13,000. Previously, the Army reacted

to the Provisional IRA's by saturating the area of "a

activities remain at their shon" with troops. Now it is present level with firebombs cordon off a radius of two or three streets around the firing unit will probably be cut in half, calculating that a gun早 1978 and the second later on. Some senior officers at the 75-100 yards in the hours following an attack. Once the Army's Lishburn HQ are privately worried that this will net is closed, the RUC moves in a time that was comparatively quiet by local standards, and uses its superior forensic skills and detective skills at its leisure. The police not only

catch the suspects, they are more likely to find the evidence. Of the eight IRA men, for example, who were suspected of repressive, and in Catholic areas where Provo support has been waning their patrolling could trigger a vigilante backlash.

So, just how strong is the Provisional IRA's reduced capacity to terrify. Ulster is no longer tense under the threat of random bombings and sectarian vendettas in which the innocent are caught in the cross-fire. Since the summer, civilian deaths have become minimal. Mr. Mason's slogan is that there is no this year, while the average annual take is an acceptable level of violence."

But the root problem remains, even though the Provos' political base has been largely discredited. While the leaders remain at large, they recruit, and their recruiting can very quickly be boosted by political or sectarian tension, or by heavy-handedness on the part of the security forces. In South Armagh the Queen's Lancashire Regiment describes the Provisionals as "hydra-headed,"

While they know that in Northern Ireland, the police have been allowed to negotiate the 1976 total of 235 shooting incidents are down one-third. The latest swoop yielded nine. Daily explosions have dropped from 50 per cent and have not only Mr. Mason would repeat, I been running at less than one a day, the most interesting day but involve very small amounts of explosives. The police have developed the I

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FINANCIAL TIMES SURVEY

Wednesday, November 23, 1977

جامعة

TURKEY

Despite a domestic economy struggling against a rising tide of international debt, the Turkish people are convinced that their country faces a promising future. But the political base is riven by dissension, and a lack of authority, and has become a serious threat to any real future potential.

coalition lings

O ower

y Dominick J. Coyle

NCE THE contemporary political and economic scene in Turkey today is so depressing, it is perhaps as well to record the outset that all the political parties, and indeed the Turkish people as a whole, are convinced that their country has immense potential for the future and that it can, by the end of the century, be among the leading economic forces in Europe.

This is important, not only because of the potential promise for the future, but as an indication of the mood of national confidence which permeates this vast country of 300,000 square miles and more than 40 million people. It is just as well, because in the short term there is little about which one can be confident, and on this too, most Turks now readily, if reluctantly, agree.

The three-party "Nationalist

"Front" coalition under Mr. Suleyman Demirel (53) is in the extreme Right, somewhat polarisation had made the small now, on December 11, the court lost to the JP, and in any event party political trial goes to the polls in important Mr. Demirel him- is effectively ruling the country, and the relative handful of National Salvationists parties virtually irrelevant.

The personal energies of the staunchly anti-Communists in

Prime Minister, and they are the Republican Reliance Party

(RPP), it could not last, and

through years of trying to hold few were surprised when the

unruly colleagues and coalition JP and the RPP under Mr.

partners in check are currently Bulent Ecevit (52) agreed on

devoted not to the process of early elections in a bid to break

the impasse.

Impasse

In the event the impasse has, if anything, been reinforced. The Ecevit forces advanced in the June poll, but with 213 Deputies in the National Assembly the party still fell short by just over a dozen votes of the requisite majority with which to form a one-party administration. Mr. Ecevit did

try, in part hoping to exploit his personal popularity as the man who as Prime Minister

authorised the 1974 invasion of Cyprus in support of the island's minority Turkish-Cypriot population, but his administration was short-lived, having failed to secure the necessary vote of confidence.

The last general election—

in June of this year—was to have changed all that. Mr. Demirel had come through more than a two-year spell of government with the pro-

democratic National Salvation Party (NSP), the Right-wing National Action Party (NAP), and a tiny breakaway faction from the left-of-centre Republican People's Party (RPP), led by Professor Turhan Feyzoglu.

Professor Feyzoglu had had enough of noisy cabinet room between the JP and the RPP

Party (JP) is the anchor of the dissension and refused to support the administration, a generally port-nationalist front Ecevit can tackle the problems

but likely to operate in fact, coalition government to sur-

survive rather than rule. Mr. Ecevit expects that his RPP will show

some advance over the 41 per cent secured in the June general election, and that thus

Demirel's amply-demonstrated capacity for compromise with his ruling colleagues is now being stretched to the point that he himself wonders if it

can continue, while the immediate and pressing economic needs of Turkey are such as to dictate the kind of policies for

which a vast consensus in Government and in the country

is necessary.

There are elements, albeit minorities at this time, within the JP who are insisting that Mr. Demirel paid too high a price for the last coalition agreement, a price which the country just cannot afford: out

in the country too there are growing forces, including

try again and he succeeded at TUSLAD, the main employer

least in numerical terms, by re-assembling more or less the old respected intellectual alliance with the NSP and NAP.

Professor Feyzoglu had had structured or informal—

12 months ago. However, an avately, that few politically

Mr. Demirel's public scenario ate that the military might feel obliged to move again "to save

Turkey." It is difficult to say whether this is different, although he will not

really be surprised if the JP

loses some ground, not least

because of the level of inflation

in the country which, based on

the cost-of-living index for Istanbul in September, is almost even pro-Demirel forces are not

30 per cent up on the figure inclined to argue against pri-

orality, an alliance—whether

informal electoral alliance with aware people in Turkey to-day

under the Premiership of Mr. NAP, denied on the record expect the present three-party

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which a vast consensus in Government and in the country

is necessary.

A little over two weeks from seats which otherwise might be sold protestations to the contest towards party political now, on December 11, the court lost to the JP, and in any event party political try goes to the polls in important Mr. Demirel him- is effectively ruling the country, and the relative handful of National Salvationists parties virtually irrelevant.

What Mr. Demirel managed to do was to form an administra- tion which could secure a vote and beyond its real and normal local elections are not a reliable short-term, economic crisis

confidence, but it was not worth the RPP views the forth- coming elections as something own coalition alliance is what

is not a government capable of a national referendum, a ver- count.

Ministries and jobs have been farmed out on a dispropor- tional basis favouring the two smaller coalition partners, and the present emphasis is on survival rather than rule. Mr. Ecevit expects that his RPP will show

some advance over the 41 per cent secured in the June general election, and that thus

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is necessary.

It is true, but for how long? While the RPP is talking openly about the imminent collapse of the present government, primarily because of the obvious inability of the National Front administration to agree on the kind of measures necessary to overcome Turkey's pressing and serious economic difficulties, Mr. Demirel has in the past shown a considerable capacity to survive politically, even when the odds were greatly against him. It is also a fact that he

managed to return to the political scene, having been encouraged some few of Mr. fired from the premiership by Demirel's wavering supporters the armed forces, a point which

should not be forgotten at this

an RPP government, either directly or through abstentions, though not necessarily accurate

Mr. Demirel's public scenario ate that the military might feel

obliged to move again "to save

Turkey." It is difficult to say whether this is different, although he will not

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BASIC STATISTICS

Area	301,380 sq. miles
Population	40.16m.
GDP	TL649bn.
Per capita	TL16,173
Trade (1976)	
Imports	TL82.9bn.
Exports	TL30.5bn.
Imports from U.K.	£10.90m.
Exports to U.K.	£60.37m.
Currency: Turkish lira	£1=TL33.55

The economic situation is analysed in some detail elsewhere in this survey but, in setting the scene in Turkey to-day, it is as well to state some true, if unpredictable, facts. Turkey now has a backlog of imports going back to last February for which the Central Bank has not been in a position to provide foreign exchange evidence, whatever the formal cover. The Central Bank has denied suggestions that it has itself issued letters of credit for which there were at the specific time no matching funds. The country's payments deficit is even more chronic than September figures this year, of \$7.2m. from Turkish exports and the sizeable, if declining, remittances by Turkish workers abroad, thus leaving roughly \$865m. annually for everyone else," to quote Mr. Inan. But that everything else, after discounting oil and estimated arms imports, amounts to \$3m. daily for its oil and a fundamental structural imbalance.

CONTINUED ON NEXT PAGE

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TURKEY II

Storm clouds over the economy

THE TURKISH ECONOMY is now facing all the signs of a lira was devalued by ten per sharp recession. The acute cent against the U.S. dollar. shortage of foreign exchange, coupled with long bottleneck on import payments—officially admitted as going back to last February—has already created major shortages of essential raw materials for a number of key manufacturing units. Unemployment is continuing to rise, although the full extent of the direct increase has been concealed by prolonged labour disputes, and demand-pull inflation risks getting out of hand.

Right now, there is a premium on virtually anything available for sale: a new motor-car, for example, can command up to TL100,000 on top of the official market price.

Inflation, on the basis of price increase in the Istanbul area, is running at an annual rate of roughly 30 per cent, based on end-September figures, and the trend is rising. In September alone, the wholesale price index rose by a staggering 3.6 per cent.

This particular increase resulted, in fact, from just about the only major economic decision taken by the present coalition Government during its first four months in office, and it came not surprisingly at the time when serious negotiations had started with the International Monetary Fund on a new standby credit which the Turkish authorities hope will in turn open the way to a major syndicated loan of up to \$1bn.

The decision, in fact, incorporated some drastic and therefore politically courageous measures, including a promised cut of some 20 per cent in current public spending in order to try and reach a balanced budget in 1977.

Additionally, administered prices in the public sector were increased sharply—by as much as 160 per cent, in at least one case—and, in the view of the Central Bank, should improve the net revenue of the public sector by TL40bn, or about five per cent of gross national product. The Central Bank also raised its reserve requirement by five per cent, in order to mop up surplus liquidity, and while been pressing for more within the next seven years. Full in recent years, and one which

measures, although without details on these grandiose projects have yet to be released, but they are said to cover a very wide range and to be concentrated in the heavy industrial

sector with the emphasis on the long-term Turkish self-sufficiency of capital rather than labour-intensive industry.

It left Ankara last week for a short respite, mainly because of this week's religious holiday in Turkey, and presumably it picked up on the return journey to Washington the outpourings of the National Salvation Party leader, Mr. Necmettin Erbakan, in an interview with the Turkish daily, *Günaydin*, last Wednesday. There is, he said, "no validity to the claim that the ten per cent devaluation will be insufficient to restore competitiveness to Turkish exports, with a direct consequence that those in the market for Turkish exports have held back in the words of the (IMF) delegation which is said to have come through much earlier. Central Bank credits, the disappearance of Treasury in fact, with a advance payments, a drop in scarce export earnings, put an end to the underlying rise in imports in the expectation of an exchange adjustment."

Consequence

The consequence, in terms of the country's external trading account, is depressing. Based

on the first nine months of this year, imports have risen by some 19 per cent to \$4.4bn, compared with the corresponding period of the previous year; exports on the other hand, have declined by more than twenty per cent to \$1.2bn. This deterioration in the trading account has not been offset in any significant way by the six per cent increase in remittances by Turkish workers abroad to \$764m, for the nine months, while the net inflow on the valuable if highly volatile Convertible Lira Account (CLA) was essentially negative, at \$811m, or a reduction of some 42 per cent over the January-September period the previous year.

The reserves, meanwhile, fell to \$648m, at end-September, and by the end of last month had dropped to a six-year low, with gold valued at \$148m, and foreign currency reserves at a mere \$383m. Imports, meanwhile, are continuing at an average monthly rate of little less than \$500m. The real extent of the problem is startlingly simple!

The IMF team, under Mr. Arthur Woodward, has mean-mop up surplus liquidity, and while been pressing for more within the next seven years. Full in recent years, and one which

other way, the total projected outlay is equal to about two and a half times the 1977 sum of 5 per cent, probably increasing further.

Because of the energy shortage, clined to service the demanding

industry, meanwhile, suffers local market than, in the

from precious little new foreign national interest, the mere inward trend is already apparent

in the Turkish private sector nor the International Monetary Fund are impressed

with such spectacular scenes, the latter in particular being

known to want a one to two-year interim industrial development programme based on the realities of the present economic situation.

TUSIAD, the national employer organisation is generally in agreement with this

Monetary Fund position, in part at least

because it accepts that there is no way in which the

borrower can call the tune, and

represents some ten years of its membership now acknowledges that the Turkish growth year are likely to show a further least one of the reasons why

the controlling Law No. 6224, for the vesting of the vast majority of its growing number of entrepreneurs than to

the tributary circuits towards its investors.

This same machine works to meet the challenge, whatever the improvements and it is at

demonstrating increasingly that

they have the capacity to meet

the exporting side, despite some re-medies difficulties.

D.J.C.

Power—

CONTINUED FROM PREVIOUS PAGE

The entire programme is reported to involve a total investment of TL360bn, (something less than \$30bn at current exchange rates) and half rally in agreement with this

Monetary Fund position, in part at least

because it accepts that there is

no way in which the

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D.J.C.

him "impossible". The IMF official, who was among the popular mood in Turkey giving leaders of the 1980 military coup in the general common

opposition that "this just cannot go on".

But, the alternatives which

are currently being speculated

just on the specific issue that Fascist party whose power and

leaders of the 1980 military coup in the general common

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JRC/1978

Disillusionment with the West

TURKS GROWING, if somewhat repressing, sentiment against Turkey which now exists in the country's economic life. Its result is that Ankara should use whatever form of Western ever diplomatic muscle it has once sanctions against its own direct political and economic interests.

Increasingly, the talk is in these lines, in a sense on the reality of the Cyprus embargo in the wake of the invasion in 1974 translating it into an argument for going to talk with the IMF in Washington "without first having softened up the ground." This softening up process, he suggested, might have taken the form of asking the Russians what their defence savings would be if all Western military bases were thrown out of Turkey and the government switched to a policy of neutrality. This clearly suggests that in Ankara, at least, the IMF is viewed almost exclusively as a political instrument, and one heard frequently in political circles in Ankara is the statement that the IMF right now is little more than the U.S. and West German governments wearing other hats. Accordingly, it is political leverage which is necessary to release the dollars which Turkey to-day so badly needs.

All of this satisfies a kind of serious Turkish jingoism, but really it is largely nonsense. There is some logic in the side of the same coin: this argument, heard with increasing frequency among Turkish politicians and business leaders, is that "the West is taking us too much for granted," explained in Ankara, this means that Turkey is a major committed partner in the EEC and, for the moment anyway, remains firm in the conviction that it is a European country associated with the EEC and hoping for *actual full membership of the Community*.

In exchange, it is being promised through the arms embargo, misinterpreted in terms and being dictated by the United Nations through successive resolutions over Cyprus which "distort the realities of the situation" and extend unflinching diplomatic support, another minister was forthcoming.

U.S. arms embargo, another minister was forthcoming, if somewhat inaccurately about U.S. arms supply policy. They have penalised Cyprus because it allowed Soviet missiles to be installed there, and we Turks are now saying, if somewhat inaccurately, because we have provided these facilities for their country's foreign policy is not designed, to fo for the Americans."

Since their country's best, trying to end the U.S. arms embargo, and of course there is right now one of the generally (but not the main points of Turkish policy) unstated addition that foreign policy, and in this key could be pushed too far regarding the Foreign Minister, her friends, that the country Mr. Ismail Sabri Caglayan, has to be driven into a much later had direct talks both with a neutral stance, or even President Jimmy Carter and his



Turkish Prime Minister Mr. Suleyman Demirel talking to President Carter of the U.S. at a meeting of NATO in London.

Secretary of State, Cyrus Vance, to be associated directly with that Mr. Glafcos Clerides, who cent of the island's population at any rate is that Carter cannot possibly hope to retain

The current feeling in Ankara such discussions. At present, the death of the Greek junta through the physical presence of the Pentagonal, is anxious to persuade Congress to lift the arms ban and approve the new four-year bilateral defence agreement which would open up

Turks still see their future in the Western camp, but it is by no means an unquestioned commitment, even if the country's

founding father, Mustafa Kemal (Ataturk), had got Turkey firmly in the direction of Europe before his death in 1938. Discussing specifically the continuing U.S. arms embargo,

another minister was forthcoming, if somewhat inaccurately about U.S. arms supply policy. They have penalised Cyprus because it allowed Soviet missiles to be installed there, and we Turks are now saying, if somewhat inaccurately, because we have provided these facilities for their country's foreign policy is not designed, to fo for the Americans."

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Agreement

But, of course, the key remains Cyprus, with the U.S. Congress seemingly unwilling to approve the new Turkish-American defence agreement until such time as there are signs of "meaningful" negotiations for a Cyprus settlement.

The question in some measure at least revolves around the interpretation of "meaningful." The Turks argue that they are fully prepared for a resumption of the bilateral peace talks in Cyprus itself; although the evidence suggests that they would like Turkey and Greece

to be on the basis of a bizonal other on all outstanding issues, disputes "by the warring Greek-Cypriot factions." In any event, the Turkish Government does not accept Mr. Kyprianou as President of Cyprus, but merely as leader of the majority

in terms of domestic Turkish air space between the two countries which technically at

more complicated by the least, could be resolved virtually overnight if there was a minimum of mutual trust and a

Salvation Party. He is on record as being opposed totally to any lens dividing them.

What is more, it is now evident that the presidential election in Cyprus next February will be contested, given

representing less than 20 per the opening session of the UN

General Assembly, are encouraging or not, depending on which account one accepts. The Turkish side claims to have responded to a Greek request not to disturb the diplomatic sea between them, in view of the run up to last Sunday's Greek general elections: as told in Athens, Mr. Caglayan had nothing new to offer "but the same old hardline Turkish position." Athens has been much less forthcoming on the official, if privately expressed, Turkish claim that the Greek Government is now showing signs of agreeing to "substantive" talks on the Aegean continental shelf issue which, in Turkey, is represented as potentially important in terms of possible oil discoveries, but which in essence is a political claim and, on the part of the Turkish armed forces, a military demand as well.

And then there are relations with the EEC. The delayed Association Council meeting finally took place last December, and in a sense at least the Community has managed to put the ball back into the court of the government in Ankara. Brussels is now saying that the initiative rests with Ankara to put forward its case for modifications to the existing Association Agreement, whether in terms of securing better market access for Turkish products, or in protecting infant Turkish industries against Community competition. For the moment anyway, the response from the Demirel Government has been just about zero.

Difficulties

But this is not to say that the government is unaware of its difficulties with the Community, or indeed, and directly on the invasion, albeit with possibly ample justification given by the political plain, is not genuinely concerned over EEC enlargement and with the possibility that Greece, once inside a Community of the Twelve, might be in a position not only to veto any subsequent Turkish application to join, but to influence to Turkey's detriment the evolution of the present Association Agreement.

This is a fundamental political question which the Community has, in public at any rate, shown

D.J.C.

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(*General Coordinator, Sabancı Holding A.S.*)
CAHIT YUCEL, Executive Director—Loans
(*Former Deputy General Manager,
Türkiye İŞ Bankası A.S.*)
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(*Executive Vice President Planning, Koç Holding A.S.*)
HÜKREM GUMRUKCUOGLU
Executive Director—Legal
EROL AKSOY, Executive Director—International
(*Vice President Finance, Koç Holding A.S.*)
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PROF. DR. MUSTAFA AYSAN
(*Business Administration, University of Istanbul*)
MEHMET HUNURK
(*Chairman of the Board, İnter A.S.*)
MUNCI TEKİEL
(*Foreign Relations Director, Güney Savunma A.S.*)
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QUESTION 2.

What changes?

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ASSETS	TL	\$
Cash	1,272,904,000	77,146,000
Due from Central Bank and other Banks	438,978,000	26,605,000
Investment Securities	16,708,000	1,013,000
Loans	4,999,223,000	272,680,000
Equity Participations	318,433,000	19,999,000
Premises, Equipment and other Assets	486,708,000	39,497,000
TOTAL ASSETS	TL7,032,954,000	\$436,340,000
LIABILITIES AND EQUITY		
Deposits	5,620,017,000	340,607,000
Funds Borrowed	727,832,000	44,111,000
Other Liabilities	459,184,000	27,827,000
Equity:		
Share Capital *	160,000,000	9,697,000
Reserves and Provisions	65,961,000	3,998,000
Total Equity	225,961,000	13,695,000
TOTAL LIABILITIES AND EQUITY	TL7,032,954,000	\$436,240,000

* Share Capital has been increased to TL 300,000,000 (\$18,182,000) on March 4, 1977.



GARANTI the corporate bank in Turkey.

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Surplus and Reserves 486.362.562
Deposits (31.12.1976) ...	26.785.826.554

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TURKEY IV

Local elections will test the politicians

PARTY POLITICS, like much else in modern Turkey, go back to the time of Ataturk, and indeed it was the Justice Party that could soon collapse, leaving very much a house divided. Not until 1945 that the country allowed itself the luxury of having political parties as such, other than the Justice Party, which is currently under the leadership of Mr. Bülent Ecevit. But it is not the only party with dissension: the RPP, too, risks being torn by internal arguments, although the basis of the dispute there is mainly ideological, whereas what concerns JP dissidents is that their party could be outmanoeuvred on its right by the fast-growing NAP, a process which it is feared could cost the Justice Party greatly at the next general election. It is a justifiable fear, which is precisely why some JP members would like their party to get out of government and embark on a process of rejuvenation from the opposition benches, and under a new leader.

The RPP as represented by the Prime Minister, Mr. Suleyman Demirel, is an evolution of the banned (by the military in 1960) Democratic Party and in a sense the JP or its predecessor provided the splinters for the establishment of the two other parties in government with Mr. Demirel, the pro-Islamic National Salvation Party (NSP) and the Right-wing National Action Party (NAP). The only other representative party which one need worry about here, and indeed the political polarisation in the general election last June made that party just about irrelevant, is the Republican Renaissance Party itself a breakaway from the RPP.

The big political guns are, of course, the RPP and JP: between them they captured almost 80 per cent of the popular vote in the last election and they control just over 400 of the 450 seats in the National Assembly. For an 8 per cent increase in its popular vote in June, the RPP's parliamentary representation from 185 to 213 seats; the JP, proportionally, did much better, pushing its number of seats up by 40 to 189 for a 7 per cent rise in its popular vote.

Each was short of the magical 225 plus one required for a numerical majority, and when a minority RPP administration failed to secure a vote of confidence, Mr. Demirel resembled his old unstable coalition, this time minus the RRP, and agreed to share power with the NSP and the NAP, an unholy alliance which ranges from a form of Islamic socialism to a brand of militantly Turkish nationalism.

It was, even in the view of

the big political guns, a moment at least. Mr. Ecevit, who is sometimes more of a poet than a politician, is standing firmly on the middle ground, not least in order to avoid losing the support which his party is getting from the business community — particularly the country's big business groups.

However the Left, under the former Finance Minister, Mr. Deniz Baykal, has merely muted its criticism on the Ecevit leadership, in part because the

developing world in poverty. Political observers in both developing countries, favours closer Turkish ties with Ankara and Istanbul are being cautious about the outcome on December 11.

Turkish armed might on parade. Proportionally, the Turks contribute more to NATO than any other member.

Armed forces reassess status in NATO

THE U.S. ARMS embargo on which showed that Turkey has given the country a nudge in the direction of neutrality. Imposed after the Congress sought to put a moratorium on its foreign policy.

Yet for all this, no major party raises the question of Turkey leaving the Alliance.

The opposition leader, Mr. Bülent Ecevit, says: "We are careful not to upset the balance on which detente is based."

Therefore we do not intend to leave NATO." And almost surprisingly it is the conservatives who show more reservations about the Alliance.

Then the country's land mass had been a crucial site for missiles aimed at the Soviet Union. Khrushchev's demands during the Cuban missile crisis that these be withdrawn coincided with the West developing

ICBMs, which made the missiles in Turkey largely redundant.

Now Turkey's value to the the reflection of the way that West derives mainly from the development of the way it stands between the Soviet and the Mediterranean.

In 1945 Churchill wrote of the Alliance's wizened but not risk a major conflict.

Russia was like a giant with far the Turkish armed forces pinched by the in their present mood would stand up to demands.

The importance of this country's interests.

The Turkish Straits are the economic effects for supplying its Mediterranean fleet and are also necessary for defense.

This has great passage through the Straits of Dardanelles.

Such reservations mean that this was against defence than any other convention.

Putting furniture between themselves and the Alliance, generation is the arms embargo both in psychological terms.

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TURKEY V

Banking on a loan

THE TURKISH BANKS, of which arguably there are too many, like other important components of the country's currencies not so important as the D.M. and the Swiss franc, two of the world's currencies most important to Turkey, workers abroad, has grown impatience for a decision by the International Monetary Fund on a standby facility which in practice, would be drawn immediately to the full extend — for Turkey. The main banks are, of course, a vital element in the economic mix and, naturally, in general way, they are touched day by day by the key entity which now affects the welfare of the country's industry and commerce, namely the acute shortage of foreign exchange.

The Turkish lira is, for practical purposes, not convertible to foreign exchange for the banks' only recourse to foreign exchange for customers is the Central Bank which, right now, does not seem to be allowing for the priorities as determined for it by the Government. These are, principally, the foreign exchange needs of military and payment for essential oil and other energy needs. Already, Turkey is in arrears in its oil payments to, among others, and also to Bulgaria from whom she imports electricity.

parallel

Only the black market, or by more acceptable title, the parallel market, appears to have a limited supply of dollars, at the cost in recent weeks for one fortunate to be able to get them — and they, by all accounts, "surprisingly" many — is a premium of some 40 per cent over the official rate of just over 1.19 to the U.S. dollar! By at one "market" measurement at least, it is an extent of further lira devaluation which is expected over the next few weeks or months.

It is, incidentally, somewhat surprising that there should now be such a degree of unanimity, including in banking circles in Istanbul and Ankara, that a new devaluation is both inevitable and desirable. After all, the lira, while not convertible, has periodically (some would say, regularly) been adjusted, and since May 1974, the central budget and the Central Bank and new investment movements against the dollar, corresponding in part to devaluation, have remained rather limited.

In addition, a lengthy election campaign in the first half of 1977, frequent news about devaluation of the Turkish lira, now waiting with Turkish workers abroad, has some irresponsible talk on the bankruptcy of the country and the arms embargo, maintained by the U.S. intensified the economic difficulties."

On the other hand, there have in fact been no real disposal problems on the export side. Other than the "reserves" of wheat, tobacco and, in a different category, cotton, but then the Government manages to give the impression that it is not quite sure whether these stocks should be viewed as "strategic" or simply a response to temporary world surpluses. Nonetheless, and against the background of the current foreign exchange crisis, it should be remembered that this backlog is said officially to be worth close on \$1bn — subject to sale, that is — and even a clearing of the wheat backlog, albeit at a loss in the recently declining market would ease very considerably the country's immediate exchange problem.

A devaluation could, admittedly, assist exports of manufactured and processed goods, but these are still only about one-third of Turkey's limited exports. Equally, a major devaluation should put something of a brake on domestic consumption, and the domestic scene just now is very much a sellers' market, but the evidence of past experience tends to suggest that the effect might be relatively short-lived.

But the most potent reason for another devaluation of the Turkish lira may have little to do with immediate economic considerations, but simply stem from the fact that it is now widely expected. Indeed, it is hard not to be sympathetic to Dr. Tayyar Sadiklar, the Governor of the Central Bank, who, in an interview with the Financial Times, had these comments:

"While both internal and external factors have pushed prices upward, thus aggravating inflationary pressures (already) in the economy, prices of goods and services by the State economic enterprises have been kept constant with social considerations in mind. Rising costs of such goods and services, on the other hand, have been met from the central budget and the central bank and new investment movements against the dollar, possibilities these enterprises have remained rather limited.

The real problem facing the banking community, both inside Turkey and the international banks committee here, is whether the present uncertainty of the country's future can accept such medicine and survive. The IMF team under Mr. Arthur Woodward is expected back in Ankara for final negotiations within the next week or so.

It is this whole scenario, and not the more conventional branch banking routine, which today preoccupies most Turkish bankers. Yet the profitable branch banking network continues to grow, to the present point where some 40 separate banks, although many of them quite small, operate roughly 5,000 branches, or a branch for every 8,000 people. These branches are, in general, vastly over-staffed, with the consequence that a simple transaction tends to involve the customer along a reversed bureaucratic

pyramid of authority in the worst lines of Parkinson's celebrated law. What is more, and branch managers themselves are the first to admit it, but usually in private, is that their authority at the notional top is more imaginary than real with all but the most routine decisions being taken at head office.

At a more central level, there is need for some new banking legislation, not least perhaps to bring more into line with international practice the lending limits which any one bank may

have with companies in which training abroad, one hears the same complaint, not least on the question of their limited authority on lending. Indeed, the impression persists that the country's major commercial groups to move directly into banking.

There is no reliable evidence to suggest that such holding companies are, in fact, exploiting their ostensibly at least privileged positions, but in a developing country which, in the years ahead, and after its immediate foreign exchange difficulties have been resolved (even should it come finally to a partial moratorium), will need access to international financing markets, its banks should be seen clearly to be working within generally accepted international banking criteria.

D.J.C.

Package

It is not unlikely, either, that any final package from the IMF will include a further adjustment, together with an orderly system for paying off accrued foreign liabilities for imports, upper limits to the total level of government expenditure and for domestic credit expansion, all against the background of a lower level of overall national growth in the next couple of years anyway.

At head offices, where an increasing number of younger



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Armed forces

CONTINUED FROM PREVIOUS PAGE

Its armed forces total nearly 500,000, and include four armies. The First Army based in Istanbul has ten divisions ranged against a possible attack to the Turkish Thrace. The Second Army with its headquarters in Konya, has four divisions compared with the four divisions of the Iraqi and Syrian armies. It also has 28,000 troops on Cyprus.

The Third Army, based in Eretum, has seven divisions in 1455 have moved on from galleys such as those used by Barbarossa, Admiral of Suleiman the Magnificent. They and other shipyards now turn out patrol boats, landing craft and submarines — the Turks in fact claim to have made the world's first submarine.

Turkey's last army is its Aegean one based in Izmir. This is not known as the fourth army as when Turks talk of

"being posted to the Fourth army", they mean a soldier has been killed.

Military sources say the cost of equipping the new Aegean Army and re-equipping the other forces in Turkey is, in the Turkish General Staff's opinion, an annual \$800m. Recently, however, they have been forced to settle for an estimated \$500m, which Turkey manufactures under licence to the Far East.

The original arms embargo imposed after the Cyprus operation has been largely breached but still, the limit on credits and sales means that the equipment Turkey wants is much more expensive than it would otherwise be.

Military credit for the U.S. fiscal years 1975-76 and 1976-77 was kept to \$125m, and for the current year, 1977-78, it is \$175m. But most of this has been spent on 48 Phantom jet fighter bombers. The total cost of these is estimated at \$480m, and delivery is to start and be completed next year.

Such credit limits are considerably below the \$340m annually which would have been available from various sources if the four-year defence cooperation agreement signed in March last year had been approved by the U.S. Congress.

West German military aid for last year totalled \$100m, but still, the requirements of Tur-

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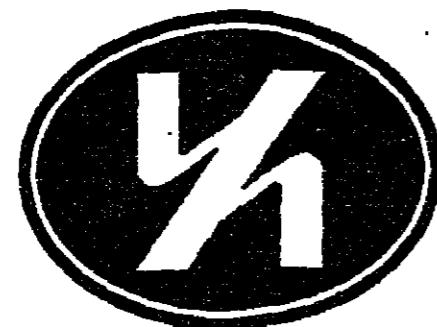
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Import bills unpaid

TURKEY'S FOREIGN exchange line to BMC Otomotiv Sanayi has cast a pall over what the Izmir manufacturing plant has long been a fast-growing in which it has a 26 per cent and profitable market for share. The resulting shortage British exporters. Today the of imported parts had obliged payments queue goes back to BMC Otomotiv Sanayi to lay off February. Of the £1.1m. of over one-third of its workforce and due payments, over £60m. is due to close down some production lines.

The build up of Turkey's obligations led the ECGD in a "very considerable downturn in trade" and express surprise at the way the import figures at the time. Subsequent ECGD cover has been minimal and since October 1 it has ceased altogether, according to British sources.

On the contrary the ECGD is now having to meet a number of claims. The absence of trade in consumer goods means that the claims tend to be for heavy industry and be few but large. Machine tool exporters have been particularly badly hit, with at least 13 U.K. firms owed substantial sums.

Turkish customers' payments records remain good and the problem is at the Central Bank. This is only paying for "strategic" imports such as petrol. ECGD cover has been used for about one-half of the exports made to Turkey. Now its share has fallen to 10.8 per cent. The lack of this cover has been between 7 and 8 per cent cited by British Leyland Inter. This year the 21 per cent increase in imports from Britain in the first eight months com-

pared with the same period one year earlier was in line with the overall growth of Turkish imports. The increase in prices of British goods means that the volume increase is much more limited.

Britain has increased its sales of fertilisers and chemical products, and of iron and steel. It has also had another good year for machinery and transport, and won a number of the major contracts to supply equipment to the £600m. petrochemical complex being built at Aliaga, north of Izmir. Shipment of this equipment has not yet started.

Fruit and vegetable imports by Britain from Turkey have continued to increase rapidly, with the new ro-ro line between Mersin in Southern Turkey and Eritadi designed to encourage exports to Western Europe in general. However, more contentious has been the issue of Turkey's exports of cotton, textiles and clothing.

Crucial

For the Turks this is a crucial sector and the main source of non-agricultural employment. Heavy investment in recent years seemed to pay off when between 1973 and 1976 exports of textiles and clothing doubled

to reach a total of £120m. But European market, a press the difficulties in West Europe's Central Bank happily accepted textile industry have been reflected both in lower demand. As for the division for cotton and in quotas being imposed, these were clearly established for the more seen in October when USAS, finished products which Turkey proudly announced that would be TUSAS is controlled by the British.

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TURKEY IX

Mineral wealth still largely untapped

THE TURKS have long prided their minerals in a hillside to the villages who and gold bracelets under their dresses. They are proud of what they have but distrust outside interest. The result is that the country's underground wealth is largely unmapped and unexplored.

Turkey's petrol production

now covers less than one-fifth of its needs and its fuel import

bill has so far this year been

larger than its total export earnings. As for its non-fuel

minerals and metals, the proven

reserves in Asia Minor include

the world's third largest deposits

of chromium, huge borate

deposits and exploitable re-

serves of metals such as tung-

sten, copper, lead and zinc.

Turkey has also just found out

that it may have the world's

largest reserve of uranium, with

West German reports saying

there are potentially 6m. tons

of the metal under the Black

sea, though the technology has

not yet been developed.

The availability of crude oil

from the Ramadag fields in

north-East Turkey has contrib-

uted to the way that Govern-

ments in the past have relied

savily on oil as an energy

source and have followed a

policy of keeping petrol prices

down. It was only this Septem-

ber that these were finally

enabled to reach the equivalent

of 75 pence per gallon. The

Minister of Energy and Natural

Resources, Mr. Kamran İnan,

says that to everyone's surprise

this was followed by a

small increase in consumption.

Long-term measures to reduce

Turkey's dependence on oil in-

clude the present emphasis on

nuclear-based and hydro-electric

power stations. In the short

run the Government is con-

cerned limiting weekend

driving and is boosting local

exploration activity.

In 1976, Turkey extracted

6m. tons of oil from its fields.

Recent report by the Ministry

of Energy estimated its reserves

of crude oil and natural gas at

15m. tons on a conservative

basis and 10bn. tons if the most

optimistic figures are taken.

Foreign oil companies point

out, however, that such figures

are misleading in that the

African fields are fractured and

in quickly to salt water.

Onshore, the Turkish Petro-

um Administration, TPAO, is

drilling 28 rigs from Romania

and five wells are planned in

Marmara Sea and inside

Turkey's territorial waters in

the Aegean. Turkey's survey

team, the Sismik I, is con-

tinuing its seismic work, though

the time being is staying

inside the areas of the Aegean

settled with Greece. Foreign

companies say the findings

so far are not encouraging, though Mr. Ismail

Kafesoglu, a Deputy Director

of the TPAO, says more re-

search work is needed. "For us

the most promising areas are

the Gulf of Saros, north of

Dardanelles; in the area

between Imros, Tenedos and the

mouth of the Dardanelles; and

the east and south of both Midilli

(Rhodes) and Sakis (Samos)."

As the Sismik's prospecting

has last two and other nearby

as well as which caused Greece

to the Aegean dispute to the

Security Council in August

8. To-day, Mr. Kafesoglu

Turkey has no intention of

extending the present talks be-

tween the two countries by carrying out fresh survey work in the disputed areas, though warns "If the talks go on for ever then we may reconsider our position."

This dispute makes the Aegean unattractive for the major foreign oil companies. Delays in Turkey and worries about being paid on time seem to have lain behind one U.S. drilling vessel cancelling a planned trip to work in non-controversial waters.

Inside Turkey too the foreign

companies have had problems

which make them reluctant to

expand their liabilities. Before

the elections their worry was

that the opposition Republican

People's Party would be re-

turned: in 1974 the Under Secre-

tary of Energy in the seven-

month RPP government, Mr.

Teoman Koçyiğil, had clamped

down on their operations. Now BP is continuing its negotiations to sell its 17 per cent share in the 4.6m. ton Atas refinery, its partners Mobil and Shell have no such present intentions and with the right-wing National Front coalition back in power there has been some slow progress in settling their grievances.

Mr. İnan says that the govern-

ment is now reconsidering

Decree 20 of 1974 which estab-

lished refinery margins for in-

igenous crude and which has

been cumbersome to operate

given the fluctuations in market

prices. Refinery margins for

crude imported prior to October

1975 were corrected on a back-

dated basis this spring. The oil

companies found the settlement

satisfactory and are now await-

ing an adjustment for sub-

sequent operations.

Delay

The rise in pump prices has also helped settle another main problem, that of non-metallic ore delay in making the payments due to them from the Petrol Stabilisation Fund. This fund was set up to balance the difference between production costs and the pump prices established by the government. By September BP was owed about £15m. and Mobil about £45m., causing both companies cash flow problems. With the new prices the companies should make payments into the fund, but they now keep the cash in question and mark down their claims on the fund.

An earlier dispute between Turkey and the majors over what price they should receive for oil has been largely resolved. The dispute arose after the RPP government decided that the price should be the lowest one at which Turkey was able to buy crude — and then took had to back down from the advantage of the low price it was getting from the Iraqi plant by exporting much of the Hittites but is one of the more active state enterprises.

The sector has numerous problems. Projects are usually delayed because of bureaucratic problems. There is a shortage of large capital sums required and of the personnel necessary.

Both port facilities and the railways are inadequate and there

is an acute shortage of electricity.

In October two of the four units of the 60,000-ton per year Soviet-supplied aluminium plant at Seydisehir, near Konya, were closed down to save electricity. Turkish officials had already

found themselves asked to demand. Plans for doubling supply at prices below those they could obtain elsewhere but were obliged to supply by law ripening if by 1987 have had to be reappraised.

Exports of mining and quarry products in the first eight months of the year totalled \$73m., 7 per cent. of total exports and 11 per cent. higher than in the same period of 1976. There were large increases in shipments of magnesite and borates (to \$10m. and \$30.7m.) but a drop in exports of chrome ore (to \$23.3m.). The drop in chrome exports has to some extent been compensated for by

the start up of exports of high-grade fluorspar from the several Mount Olympuses above Uludag, one of Turkey's carbon ferrromanganese plants, built with Bursa. Discussions are still Japanese know-how. But none going on with a Japanese group for the less Turkey had hoped for on the best process to be incorporated in the plant. While this administration's decision to plant could start up soon, the UN boycott on question of uranium is a long-Rhodesia. The Elazig plant, term one. Various low-grade deposits have been found in Anatolia, with a potential 11,000 tonnes per year capacity in Mazidag near Karates and 150,000 tons by 1984.

These will be hard to develop, and in any case interest has paled beside the report by Professor Degens of Hamburg University that some 6m. tons of uranium could lie in Turkish waters in the Black Sea. The Professor says that there are uranium deposits in a layer 100 cm. thick at a depth of 1,000-2,000 metres. "It is of very high quality because the fossil and other residues are bottled up in this closed sea. Because there is no life below 100 metres in the Black Sea, the uranium layers are not covered over," the Professor told the Turkish newspaper, Milliyet. He estimated that each ton of deposit could give 100 grams of uranium, but he warned that it would take several years to develop the technology which could make it economic to exploit the deposits.

D.T.

edge-yay-yay-ba-uh

WHAT'S IN A NAME?

(W. Shakespeare)

In Turkish, "ecza" is drug, "eczaci" is pharmacist, and "eczacibasi" means chief pharmacist. Bestowed on Süleyman Ferit Bey as an honorific title by Izmir City Council in 1909, it has become the name of the largest manufacturer of pharmaceuticals in Turkey—chief pharmacist to the whole country.

But pharmaceuticals are not the whole of the Eczacibasi story.

Under the Eczacibasi umbrella a wide range of products are being manufactured. In 1942 a small plant began to produce ceramics. It has now developed into the largest producer of sanitary ware in the country. Other subsidiaries produce tissue paper products, processed fruit and vegetables, food packaging and welding electrodes. Within the group there is an investment trust to divert small savings into Turkey's developing capital markets.

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on important to the Turkish economy. This is the state owned Sümerbank yarn and print plant at Izmir.

Jewel Gallo

TURKEY



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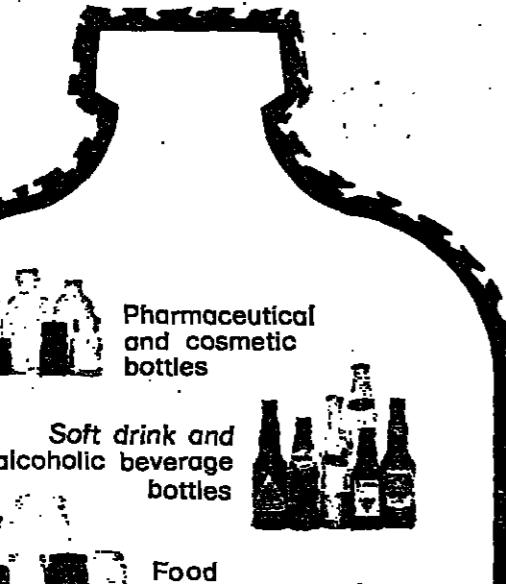
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Fahri Korutürk

IN 1935 KEMAL Atatürk, the founder of modern Turkey, impressed by the bearing of a naval officer whom he saw in a restaurant, called the officer over and said "We have made some reforms and entrusted them to Turkey's youth. These reforms must be defended by young men such as you. I am giving you the name 'Korutürk' — Defend Turkey."

It was a time when Turks were choosing surnames. Few were dubbed by Atatürk himself, yet 38 years later Fahri Korutürk, by then a retired head of Turkey's navy, was to become President of Turkey and find his main task the protection of the reformist legacy of Atatürk.

His four years in office have been a difficult period. Coalitions have been necessary yet have been hard to form and harder to maintain. The politicians have been quarrelling more than governing. Inevitably the demands on the Presidency have grown.

Those who had hoped the President would act to solve the continuing crises have been disappointed—and were perhaps bound to be. The Presi-



dent's powers are limited, being those of control rather than initiative. But as a retired officer—like all Turkish presidents since the military revolution of May 27, 1960—Retired Admiral Korutürk also represents the military. And by downplaying this aspect of his power he has arguably helped strengthen the civilians' role in the future.

On this page, DAVID TONGE looks at the records and achievements of some of the leading figures who have been instrumental in shaping modern Turkey

Korutürk has always stressed the importance of Atatürkism. This is a broad creed which many groups can find support for their beliefs, but in his first speech as President Korutürk emphasised its reformist aspect, and talked of the need to end exploitation. Today, reacting to the Government's recent austerity package, he said he was "awaiting with curiosity" measures to help those with fixed or low incomes.

Korutürk's naval career saw him rise from naval attaché in Rome and Berlin to the post of chief of intelligence at Turkey's general staff. In 1957 he became commander of the navy. During a visit to his counterparts in the U.S. he was offered an evening at Mrs Fair Lady but said he would prefer to hear Tchaikovsky. On May 27, 1960 his name was on the list of officers who overthrew the increasingly dictatorial Adnan Menderes and who ushered in the country's present liberal constitution.

He served for four years as ambassador to Moscow, a period which coincided with the end of a majority in the joint session of parliament which will carry out the election.

He has in fact raised hopes that he has not always satisfied by showing that unlike his predecessor he is no mere representative of the armed forces he has given status to the Presidency. Now aged 73 his term, providing his health holds out, will last until 1980. His successor is expected to be Turkey's first civilian president since the 1960 revolution, with the opposition at present able to summon

the cold war between the two countries. He was then appointed to the

HEAD OF the fastest growing political force in Turkey, retired Colonel Alparslan Türkeş, attracts more fear than admiration. In the June general election his extreme-right National Action Party built up its strength from three to 19 deputies. It is expected to make further gains in the December 11 municipal elections. But it is the extra-parliamentary activities of the party, and in particular its disciplined commandos which caused one present minister to draw parallels with the early days of Hitler.

Mr Türkeş, who graduated from Istanbul Military Academy in 1958, was arrested briefly in 1968 for advocating that Turkey

should join Hitler in attacking the Soviet Union so as to liberate the Turks there. The neo-Nazi dream of uniting the Turks of the world is central to his creed and his youth's symbol is the green wolf which tradition says led the ancient Turks to their conquests. Today

followers howl accordingly

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utes he controls with

national and socialist slogans to attract workers to his trade union federa-

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Minister Silyan Demirel has made him Deputy Prime Minister in the two National Front coalitions. To-day the party is growing at the expense of Demirel's to the extent that

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TURKEY XII

Tourism to be tapped

"TURKEY, A FEW days' visit, and the plane trees near that symbol of the Eastern Rome, a memory for life"—the advertising abroad is spreading but tourism remains the under-developed sector of a developing country. The statistics are striking. One point seven million tourists visited Turkey last year yet Turkey managed to have a net deficit of \$38m. on the tourist account. Further, while other north Mediterranean countries rely on tourism to help finance their trade deficits, Turkey, in a far more desperate position than they, has little present intention of doing so.

The country's tourist potential is formidable. You can live in Istanbul for a year and still feel that you have but scratched the surface. The empires of the past crumble on, unconquered by the conquerors of the seven hills and bobbing waters of the city. Istanbul is a place for strolling over the creaking, decaying pontoons of the Galata Bridge, across the Golden Horn to the bustle of the old Egyptian spice market and the covered bazaar, or to the monuments of the past

tourists never reach Anatolia. But that too is a rich realm for the visitor. In the winter one can ski on Mount Olympus above Bursa; in the spring one can follow the camel fighters down the west coast; in the early summer watch the wrestlers covered with olive oil who fight on the fields of Thrace; and through the summer until late October one can swim in the sun of the south and south west.

Anatolia may have as many Greek ruins as Greece and as many civilisations as contradictions yet the visitors who come each year spend an average of only one-half the days of those who visit Italy or Spain and spend much less than half the money. The low foreign exchange earnings — \$108 per tourist in 1976 according to IMF figures—reflect the leakage to the flourishing black market in foreign exchange, as well as the way many tourists come on cruises. An unpublished report by the Ministry of Tourism, the source of many of the statistics

quoted here, shows that in 1976 based on creating self-sufficiency, not exploiting new sources of foreign exchange came by ship, setting foot in Istanbul or on the east coast. Tourism was virtually excluded for only a few hours of subsistence from the planes. The necessary infrastructure has not been developed."

Only 1.6 per cent of the investment foreseen in the 1973-79 Development Plan was suitable for a Mediterranean island than for a nation washed by four seas.

In March this year the number of beds in "luxury and first class hotels"—the Turkish categories corresponding to tourist class hotels, even though the Tourism Directorate of Tourism and Information says that the capital is mainly used for small facilities. West Germans, French and Americans head the tourist

market, says that the capital is

now students happy to be increased.

The Director is the first to admit the problems tourists have now begun to travel in the He says "it is a Ministry of co-operation, not decision". Mr. Özcan says that a law is being passed to correct this and another to update the 1953 and 1954 laws to encourage foreign and Turkish investors. These

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Soviet skills and failures

BY DAVID LASCELLES



INTY YEARS ago the to see the importance of the was astonished the world oxygen process, the single most launching their Sputnik. The important development in steel-making since the war, but were not only did great things to Soviet prestige; it also slow to make use of it. Even the West to the fact that it was introduced, only a fifth of Soviet steel is made by this narrowing fast. Apart from Gagarin flight and Lunokhod the moon shot, a few years. Russia quickly ran out space spectaculars. But western concern about the technology gap lived on, so much that the preservation of this remains an important part involvement.

The Russians are good at what has been happening to the gap? Have large imports of western knowledge helped the Russians catch or are they still trailing? Obviously detailed study of Soviet industrial technology by a team of British researchers to be published this week reaches the conclusion that the Russians Russia. The Russians did rely on French technology for crucial components, even of their development and diffusion of advanced technology, such as circuit-breakers. So did the Mr. Khrushchev and the Americans.

mark marked the heyday of Soviet technology, and that then the Russians have their lead in a number of areas, including certain armaments. The researchers did ever discover signs in the market, numerically controlled few years of a resurgence (NC) tools. A deliberate effort could narrow the gap in the 1980s. But these are general conclusions. The picture varies considerably in the many fields covered by the study.

that the Russians are only good at developing a process like steaming, then scaling it up. They the world's largest steel producers, using the largest methods, and pioneering such industry which serves it.

But they fall down on technological ladder the Russians' quality. They were quick record becomes less impressive.

In chemicals, the volume of dramatic early lead in the still producing equipment output is still very small by space and rocket race. The most originally designed in the western standards, and the pattern of production comparatively uncomplicated fertilisers, for example. The Soviet plastics industry has on average been over ten years behind the West. In introducing new rocket research station at Peenemunde.

The Soviet Union was able to supply only about two thirds of its own process plant for the chemical industry during the 1960s, and the study says that in many cases progress would have been impossible without western help. Of the world's big industrial countries, the best developed on a Comecon basis is the only one wide basic is judged to be comparable to the IBM 360 which first appeared in the mid-1960s.

The Western strategic embargo has obviously played a role in keeping the Russians back.

The Russian habit of thinking bigger but not better seems to extend into the military field, though information here is sparser for obvious reasons. By general consent the early years of the space effort were quite exceptional, and the Russians have standard is 50 years. The Soviet standard allows failures of six years per instrument, plus the fact that Soviet occupied Germany included the equivalent. The equivalent standard is 50 years.

At its best, Soviet computer technology has been only no more than four years behind the American, using as measure the number of operations per second of the most powerful model in general production. But more usually the lag has been closer to ten years.

The T-72 tanks currently on a number of counts. They are still ahead with the overall numbers and weight of space launches, but they no longer have the most powerful rocket.

Similar reasons may lie behind Soviet weakness in the defence effort. In fact it is still behind Soviet weakness in the field of instruments and process

managed to take such a control, where the Russians are

to-day it is that their simpler designs facilitate production in series. That would weigh heavily if, as seems likely, space shuttling becomes the order of the day. But little is known of their plans. The authors of the study believe that the Russians must need a rocket as powerful as Saturn or a space shuttle to make further advances. But only one of the original team of Soviet space pioneers survives, and no one knows how their successors will turn out.

The Russians have also lost an early lead with ballistic missiles. Although they exploded their first nuclear device four years after the Americans, they tested both their intermediate range and intercontinental ballistic missiles first, in the late 1950s. But by 1960 the U.S. had taken the lead. The Americans were the first actually to deploy ICBMs, and they were five years ahead with the development of missiles carrying multiple warheads. The Americans are also ahead with guidance systems and therefore in accuracy. The Russians retain superior "throw-weight"—the amount they can put into space. But as in so much of the Soviet endeavour, it is only a quantitative measure, and means little unless qualitative factors like accuracy and penetration are included. That is precisely where Soviet technology is weaker.

The study tells a similar story about Soviet tanks. While the Russians led the world with their medium tanks in the 1940s, their best tanks by the 1960s were inferior to the best missiles.

It is hard to escape the conclusion reading this extremely technological progress there, worth while and comprehensive, and give the Russians a chance to study that even in top priority to catch up.

If the Russians do have an advantage over the Americans

DEVELOPMENT OF NUMERICALLY CONTROLLED MACHINE TOOLS	
REACHED LAG BEHIND BY USSR IN U.S. (years)	
Start of research	1949 2
First prototype	1958 6
Start of industrial production	1965 8
First machining centre	1971 12
First third-generation control system	1973 7
First use of computer for control	1973 6

LAG OF BEST SOVIET COMPUTER BEHIND BEST U.S. COMPUTER (years)	
1955	4 1967 4
1960	9 1970 7
1965	14 1973 10

(Criterion: Operations per second.)

LANDMARKS IN THE DEVELOPMENT OF ICBMs	
YEARS REACHED LEAD (+) OR BY USSR IN OVER U.S.	
First nuclear chain reaction	1946 -4
First production reactor in operation	1948 -4
First atomic explosion	1949 -4
First thermonuclear explosion	1953 -1
First explosion of deliverable thermonuclear device	1955 +1
First MIRV test	1955-54 +3
First MIRV operational	1955 +3
First ICBM test	1957 +1
First ICBM operational	1960 -1
First MRV test	1958 -5
First MIRV ICBM operational	1973 -4/5
First solid propellant ICBM operational	1968 -6
First cold launched ICBM operational	1973 +

Not yet achieved in the U.S.

Letters to the Editor

Managerial strategy

In Mr. M. Borak's letter—What we would like to hear from the leaders of the managerial classes at the conference was some new dogma, an attempt to break out of the outmoded confrontation philosophy and to set up more creative machinery to reach a solution of a dispute by means of a "negotiation". This refers to your article (page 8, Nov. 21) which says that Automotive Products is giving up making automatic gearboxes in small cars. The second car for shopping would be 90 per cent. automatic if

Forecasts from the Treasury

From Dr. Jeremy Bray, M.P., Sir—Samuel Brittan is entirely correct in his account of Treasury forecasts and their publication (Lombard, November 21). My purpose in requiring publication was to expose the absurdity of expecting the Treasury, either publicly or in private, to line up on a single forecast. The publication of forecasts of alternative assumptions—or model as much as policy and exogenous assumptions was not, I believe, Sir Douglas Aitken's intention, but my own.

The desire for space

From Mr. G. Wansbrough.

Sir—Michael Cassell's article of November 16 on building land is exceedingly interesting.

From the point of view of society, though not of the builders, I am sure there would be great gain in available space if a reasonable surplus of building supply over demand were achieved. It is very obvious that until this exists, every occupant, regardless of realis, is very shy of giving up what space he has for fear of not being able to find an alternative?

The results of this, of course, are twofold: (a) that lots of people, notably the elderly, occupy much more space than they need—and a factor which is important but apt to be overlooked is that as people get old there is a very natural reluctance to face the formidable difficulties of moving; (b) people are exceedingly reluctant to look at jobs in different districts which would involve them in house moving. In this again a factor is overlooked, namely that, apart from the doubt about availability of accommodation and the difficulty of moving, there is a natural shyness about local sets of neighbours that they would find in totally different districts.

It is evident that these things would be much mitigated if there was more variety in the size of accommodation offered and builders and local authorities did more to provide units for the non-average size of family.

Another difficulty I strongly suspect is the shortage of suitable acreage. In any sort of hedonistic calculus it is absurd to compare the value of an acre of land (except possibly for horticultural use or market gardening) for agricultural use with its value for building purposes if the latter is a mere fraction.

Nevertheless there is a shortage I suspect of land for building within easy reach of the communications necessary between residence and places of work—whether "communications" means going from one part of a town to another as in a modest city such as Winchester, or commuting even for dozens of miles into London.

Anyone familiar with Australian conditions will be aware how

the franchise holders of one, stranded in that jumbo of the demand by middle-class

Motor dealers' attitudes

Mr. F. Stark—The only surprising about the letter from Peter Grinyer and Mr. J. Chapman (November 21) is that it should so long and pedantic research cover one of their reasons greatest concern, pene our car market, in the time our manufacturers began to disenfranchise numbers of their dealers. In 1960s it was obvious that dealers would not just shop and go away, but seek alternative franchise and the only ones left to were from foreign manufacturers.

Lying a

Mr. R. Kemp—Comments from Peter Grinyer and Mr. J. Chapman (November 21), on publication of dealers' attitudes give a resume of the position, changed to imported cars. The so-called "industrial strategy" is the franchise holders of one, stranded in that jumbo of the demand by middle-class

End exchange control

From the Managing Director, Emperton.

Sir—The incredible decision to prevent the finance of foreign trade in sterling was advised to us in a five-page notice from the Bank of England last November. Following the subsequent disruption of our trade, my company obtained permission in April to operate a dollar account with four pages of conditions. In June a further four pages of conditions accompanied permission to operate Swiss Franc and German Mark accounts. Then in July the Bank of England wrote again (with only two pages of conditions) to say it had made a concession and would allow all to undertake foreign trade in sterling. Permission to operate the foreign currency accounts was revoked.

We told the Bank we were happy to have the foreign currency accounts and if then sent permission to continue these, again with four pages of conditions. We have since had a letter amending these conditions.

In every case we have been required to sign an undertaking that we will comply with these numerous pages of technical conditions. Does the Government really think small businesses have the time to study so much detail?

Surely now the time has come to abolish exchange control and to progress towards monetary union within the EEC.

I. A. Price, 233-243, Wimbledon Park Road, S.W.18.

Politics in Europe

From Mr. John Biggs-Davison, M.P.

Sir—it is not many years since anti-Marketeers were warning of the cheap Continental labour that would invade Britain. Mr. D. James raises (November 18) that other Euro-spectre. Communism taking over the Continent.

It is a danger, but when our Continental partners behold across the narrow water Mr. Kitson and Mr. Scargill; striking firemen; discontented police; disgruntled armed forces cut and cut and cut again to the dismay of NATO; "moderates" and Marxists of the ruling party committed to another extreme programme of "irreversible" socialism and the sapping of the foundations of freedom by those agents of revolutionary change, inflation, excessive taxation and proliferation of bureaucracy; they can conclude that there is a British as well as a French or Italian infection.

The Community will provide a Thatcher Government (leading a nation sick of socialism and aware of its peril) with Christian Democrat, Gaullist and other allies in the defense of liberty. Surface Marxist parties as known in Latin Europe, are moreover not necessarily the most dangerous.

John Biggs-Davison, House of Commons, S.W.1.

To-day's Events

GENERAL

Mr. John Methven, CBI director, addresses annual conference of Electrical, Electronic and Plumbing Union, Blackpool.

Labour Party national executive meets.

CBI Council meets.

H. Dietrich Strohbe, new Mayor of West Berlin, arrives in London for talks with Prime Minister.

House of Commons: Scotland Bill committee.

Regional Water Authorities: Witnesses: National Water Council (4 p.m., Room 8).

European Parliament Committee on Price, Policy and the Role of the Price Commission opens, Royal Lancaster Hotel, W.2.

Select Committees: Nationalised Industries (sub-committee B): Subject: British Steel. Witness: G. Richardson.

TUC Steel Industries Committee (2.30 p.m., Room 8).

Expenditure Under-Secretary (4.15 p.m., Room 8).

Environment Sub-committee (2.30 p.m., Room 8).

Witnesses: Parliamentary Under-Secretary of State for Environment, Mr. George Wansbrough.

Official Statistics Committee: Royal Statistical Society, Winchester, Hants.

Subject: National Land Fund.

registrations (October).

COMPANY RESULTS

American Metal Corporation (first half-year). Acquired Non-ferrous (half-year). London and Northern Gas (half-year).

Metal Box (half-year). Scottish and Universal Investments (half-year).

Vesco Stores (Holdings) (half-year).

COMPANY MEETINGS

AP Electronic Components, Cardiff, 11.30. Barratt Developments, Manchester, 12. Beckman (A.J.), Westbury Hotel, W.12. Capes, 27. Hill Street, W.12. Dunway Day, 31. Grosvenor Street, E.C. 1.11.30. Medmister, Aberdeen Road, E.12. Minerva River, 10.15. Minerva Lane, E.C. 13.

OFFICIAL STATISTICS

Construction new orders (September). Brick- and cement production (October). New vehicle 12. Sirdar, Wakefield, 12.



Alec Duff, Transport Manager of Security and Courier Express.

"We're extremely vehicle dependent and we're growing all the time. For flexibility as well as reliability we chose Camden"

Not that Alec Duff didn't take a close look at other people before he did his deal with Camden.

In the first place any transport system had to fit him like a glove. And, with 25 depots all over the country, it's no baby's mitt.

In the second place his operation is constantly expanding. Keeping up with, and servicing, his changing transport requirements would leave most

contract hire and leasing companies out of breath. But not Camden. Because, having handled all the financial arrangements for you, having worked out the best investment and tax savings, having stabilised your on-going costs, and having delivered the transport mix that exactly suits your requirements, we know we've put you on the right road.

Then we keep up with you.

ROAD SENSE. CUSTOM-BUILT BY CAMDEN.

COMPANY NEWS + COMMENT

Powell Duffryn up 24% at six months

REPORTING pre-tax profits up by 24 per cent. from £3.06m. to £3.26m. for the half year to September 30, 1977, on turnover of £155.63m. against £122.35m., the directors of Powell Duffryn say it is difficult in the current industrial climate to predict with certainty the extent of the improvement in profit for the full year. The surplus for all 1976/77 was £13.60m.

The interim dividend is raised from 2.75p to 3.5p net per 50p share. In July, when a one-for-five rights issue was announced, the directors forecast total dividends for 1977/78 of 10p net compared with 7.88p ip.

	1976/77	1975/76
Total profit	£3.26m.	£3.06m.
Turnover	£155.63m.	£122.35m.
Profit before tax	£11.25m.	£9.03m.
Dividends	10p net	7.88p ip
Total dividends	£13.60m.	£13.60m.
Pre-tax dividends	£13.60m.	£13.60m.
Post-tax dividends	£13.60m.	£13.60m.

Trading profits were split as follows: engineering £3.4m.; £1.1m. and £5.81m.; building services, contracting £6.16m.; £4.00m. (£205,000 and £66,000); pollution control £173,000 (£145,000 profit and £266,000 profit); shipping, wharfage and transport £1.26m.; £1.03m. and £1.21m.; oil and chemicals £1.03m.; £0.83m. (£78,000 and £1.56m.); fuel distribution £75.8m. (£225,000 and £69.000); quarries £400,000 (£492,000 and £525,000); timber and builders' merchants £89.000 (£1.23m. and £2.23m.).

The capital expenditure programme mentioned in the chairman's annual statement is progressing in sales and profits of the engineering division has continued at a high level, and the fuel distribution division benefited from better demand in the summer months.

Difficult trading conditions persist in the construction market, both in the U.K. and overseas. 2nd. despite a sustained improvement in the profitability of Andrews Weatherfoil, the building services contracting division incurred a loss.

The results of the pollution control division were also disappointing, but some improvement in this activity is expected in the second half.

Comment

Powell Duffryn failed to satisfy the more optimistic forecasts of £7.5m. and the shares fell 25p to 188p. A further depressing factor is the increase in interest charges of over a half, and the warning that the full year figures are likely to exceed those in the previous year of £1.1m. This looks a slightly worrying statement when set against a background of lower interest rates, and a recent issue of £65m. of debentures which should have reduced borrowings in the full year. However long-term borrowings have risen a third to £3m. plus £1m. due to foreign exchange conversion, of £1.25m. (£1.25m.).

INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
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Bradford Property	30	5	Hazlewoods	32	1
British Assets	30	3	House of Fraser	32	4
Carr (John)	32	7	Leboff (S.)	30	4
Cedar Trust	32	5	Low (W.M.)	32	6
Centreway	30	3	Macdonald Martin	33	3
C.H. Ind'l.	30	7	Nationwide Leisure	33	1
Colmore Inv's.	32	5	Powell Duffryn	30	1
Comet Radio	32	1	Roper Holdings	33	3
Common Bros.	32	3	Sekers	33	2
Dennis (James H.)	30	2	Sketchley	32	4
Evans of Leeds	30	5	Transparent Paper	30	8
Fairdale Textiles	30	4	Wooley-Hughes	32	7

since the year-end as a result of shipping loans and the development of the group's chemical storage plant in the U.S. While working capital requirement has risen by over a fifth to nearly £48m. However, there are few strains in the balance sheet.

In the trading front the only laggard was pollution control (its biggest customer is British Steel, which was affected by strikes), building services (where local authorities refurbishing specialist Corrall Construction is 25% affected by spending cuts), and timber (where the stock profits of the previous year have vanished). For the year a pre-tax return of 11.6% looks possible. At 188p the shares yield 8.2 per cent and sell on a prospective p/e of around 7.

Overseas losses hit J. H. Dennis

WTTH LOSSES of £52,000 coming from overseas subsidiaries compared with profits of £83,000 in 1975/76, the pre-tax surplus of £1.05m. and £1.04m. in 1976/77. The accounting policy as to deferred tax has been changed in line with ED 19. The comparative figures have been adjusted accordingly.

After tax of £133,703 (£159,025) full-year earnings are shown at 6.5p (18.2p) per share. The dividend is 1.5p net for a 2.524p (£1.52p) total.

The accounting policy as to deferred tax has been changed in line with ED 19. The comparative figures have been adjusted accordingly.

Shareholders in Centreway were told by Mr. A. J. Garside, the chairman, at yesterday's annual meeting that he could confirm the profit prospects for the current year. The net interim dividend is held at 1.5p. Last year earnings totalled £188.9p were paid from profit of the year, which would show a material improvement compared with the previous year.

Statement Page 32

Centreway outlook

Heavy-duty BTR belting can stand up successfully to the wear from thousands of tons a day of abrasive ore and the temperature extremes of the desert. Worldwide sales of belting like this have added to BTR's growth during the past eight years.

We supply thousands

of other products to the

engineering, transportation,

energy and mining industries

worldwide. Vital components

for cars, trains and planes.

Hoses of all types. Heavy-

duty conveyor belting. Oil

platform steelwork

assemblies. A wide variety

of rubber, plastic and

engineering components.

We're confident we've

got the right mix to carry on

growing sales to vital

industries and worldwide

manufacture and distribution.

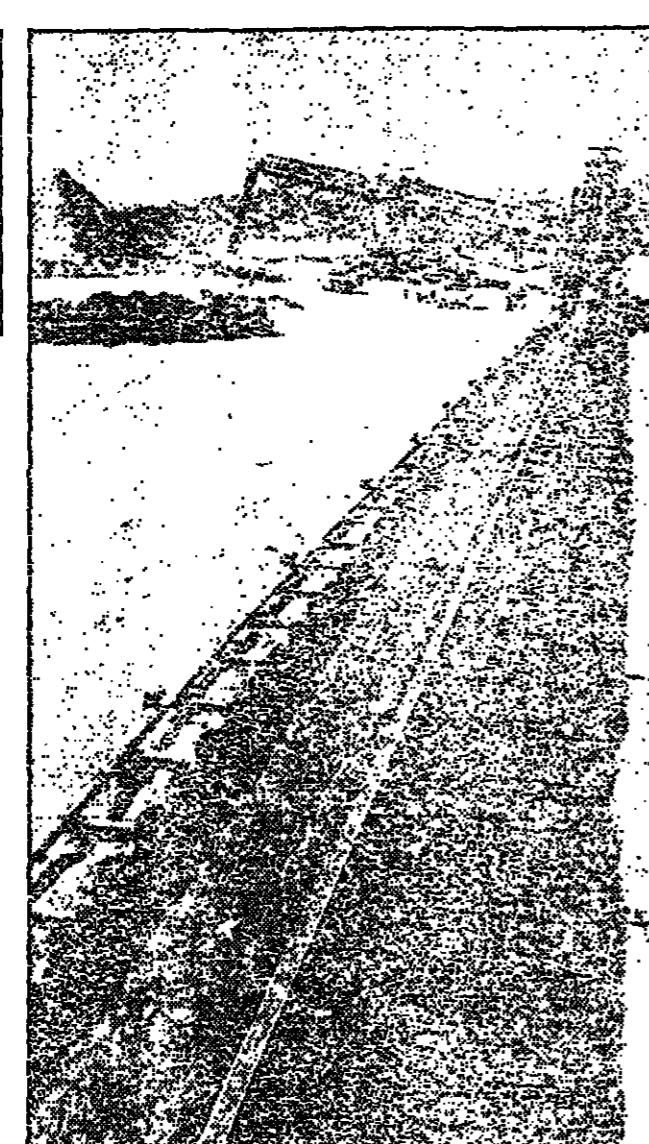
Above all an operating

philosophy that actively

encourages growth.

Above: Part of the manufacturing process of steel cord reinforced conveyor belting.

Right: Heavy-duty BTR belting at a copper mine in the Arizona desert.



BTR stands for growth

BTR Limited, Silvertown House, Vincent Square, London SW1P 2PL

However, he said that the Board did not consider it practicable to make a precise forecast of the results for the year at this stage.

S. Leboff ahead and sees peak

DISTRIBUTORS OF "D-I-Y" products, electrical appliances, radios and electronic equipment, S. Leboff (Fife) reports turnover up from £8m. to £11.1m. for the first half of 1977 and an advance in profits from £762,248 to £776,614 before tax of £455,839 compared with £396,369.

The directors expect that the company will record profits for the full year and every indication is that 1978 will be a year of further growth in all divisions.

The interim dividend is raised from 0.9085p net per 10p share. Last year's total was 1.6p and pre-tax profits came to £1.17m. after a record £1.37m. for 1975.

The directors consider the profits most encouraging for the first half of 1977 was struck after absorbing considerable further start-up costs relative to the second Hong Kong factory established early this year and to the U.S. sales and service operation established for the important North American market, which takes the majority of the production of the electronics division.

The U.K. activities continued to show a satisfactory progress although only now are the generally flat trading conditions experienced during most of 1977 starting to show an improved underway.

The electronics division showed continued growth in the second half and its products remain in great demand. Production has shown a steady increase each month and a number of new products are to be launched in the new year.

Sales of Holden have risen from £3.1m. in 1972/73 to £13.1m. in 1976/77, while pre-tax profits over the same period have moved from £732,000 to £1.81m.

In the first six months of the current year turnover was £7.8m. while profits were £207,000. The level of growth shown in the first half will not be maintained in the second, and profits for the full

ISSUE NEWS AND COMMENT

JFB to raise £9.7m.

Sheffield based steel group Johnson and Barlow Brown is seeking over the past four years, says that results in the current year should be satisfactory, despite adverse trading conditions which have been exacerbated by industrial disputes.

At the same time the group forecasts a total dividend of £4.885p net payable on the capital as increased by the rights issues in respect of the year ending June 30, 1978—a rise of 10 per cent.

Holders of £1 million convertible, senior 11.03 per cent, preference shares will be offered 44 new shares for every 100 preference held. For every 100 of 91 per cent convertible unsecured loan stock 1983/80, shareholders will be offered 33.6 new shares. For every 100 of 11 per cent convertible unsecured loan stock 1983/86, shareholders will be offered 16 new shares and 29 new shares are offered for every 100 Tonndaus 25 ordinary held.

See Lex

The group, which has spent £275m. on capital expenditure over the past four years, says that results in the current year should be satisfactory, despite adverse trading conditions which have been exacerbated by industrial disputes.

The issue has been undertaken by Lazard Bros. and Partners Bank Brokers are Rowe and Pitman, Hurst Brown and Savory Millin. Provisional allotment letters are expected to be posted on December 7, with dealings starting the following day.

The new shares will be payable in full on acceptance by December 28.

See Lex

G. WHITEHOUSE

George Whitehouse (Engineering) proposes to create £750,000 11 per cent, cumulative, non-redemption preference £1 shares and make a free scrip issue of two new preference shares for every 25 ordinary held.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding for year	Total last year
Atlanta Baltimore	5	Jan. 9	0.25	0.25
Bradford Prop.	int. 34	Jan. 6	3.04	6.1
John Carr	1.23	Jan. 16	1.09	1.64
C. H. Industries	0.75	Feb. 8	0.49*	1.15
Cambridge Investments	1	Jan. 18	0.35	2.17
Caron, Radiosonic	1.9	Feb. 10	3.51	3.15
C. H. Dennis	1.56	Feb. 8	1.24	2.52
Eagle Nat. Trust Deed	0.71	Jan. 12	0.51	1.86
Evans of Leeds	int. 1.3	Jan. 13	0.52	2.32
Fairdale Textiles	int. 0.3	Jan. 14	0.3	1.04
Handweavers	int. 0.68	Jan. 3	0.28	0.82
M. Lebow (Fobel)	0.77	Dec. 21	0.7	1.6
McDonald Martin	int. 3.00	Jan. 8	2.6	8.38
Marlborough Rubber	37	Dec. 20	2.5	4
Rowell Duffryn	int. 2.31	Jan. 13	2.75	7.88
Ropner	int. 1.07	Dec. 15	0.93	1.91
Sekers Ind.	int. 0.69	Jan. 27	0.5	1.1
Sketchley	int. 1.75	Jan. 3	1.35	4.2
Transparent Paper	int. 1.88	Jan. 6	1.66	4.42

Dividends shown in pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue.

† Gross throughout.

‡ Total 3p forecast at time of March re-introduction.

§ Additional 0.0483p p.a. for 1976/77.

|| Includes additional 0.0375p.

** Additional 0.0383p p.a. for 1976/77.

†† With further re-introduction.

‡‡ Continuing reduction in group's dependence as a Leyland supplier of weatherproof equipment and trimmings which accounts for around two-fifths of total trading profits.

§§ Elimination in paint activities, the company is looking for a full year pre-tax outturn of £1m. At £3.30p the shares sell at prospective p/e (1977/78) of 11.1, or on a similar cash flow basis.</p

Comet at £3.88m. after second half slowdown

AFTER JUMPING from £226,000 has been of great benefit to the £31m. in the first half, pre-tax company, and much of its ability profits of Comet Radioservices to expand during a period of Services finished the year in depressed trading has been due to August 27, 1977, at £3.88m. compared with £1.47m. Turnover money held for deferred taxation this concession. The amount of expanded from £47.4m. to £92.92m.

After tax of £1.51m. (£0.5m.) ent ruling on this subject would be before extraordinary debits of all planning for the future, say £16,000 (£87,000), full-year earnings are shown to be up from 5.5p to 5.5p per share.

The final dividend is £1,882,249 bringing the total to 71, an increase of 42. Six outlets were closed and at the end of the year Comet was trading from 123 locations. In addition, the franchised operation was trading in Jersey. It is intended to open a similar number of new satellites this year, although there is some difficulty in obtaining suitable sites.

Since the year-end a further five shops have commenced trading as has the long-awaited warehouse at Neasden on the North Circular Road. The experimental conversion of the three warehouses in Leeds, Birmingham and Norwich to full display, however, is to meet say, and as a consequence, the remainder of the suitable sites have now been similarly converted. The directors are pleased

with the results which this expenditure has achieved.

• comment

Comet's second half profit increase of 20 per cent, beat all market expectations and helped by the chairman's bullish statement, the shares rose 14p to 15p—just 4p off the year's high. The return came in the last two months (sales of washing machines and cookers were particularly strong) and followed a period of poor trading in the wake of the 27.5 per cent first-half jump, when the public went on its spending spree ahead of groundless fears of VAT increase. But overall, volume sales in the second half were disappointing showing a 3 per cent shortfall, and margin—at 23 per cent, compare with 2.8 per cent in the comparable six months. A significant improvement can only come as the reported upturn in demand for consumer durables is sustained. But Comet is clearly banking on an upturn; stocks are at a record level of £22.7m. (£14m.) and the company is opening more branches in an attempt for a greater market share. The shares yield 3.9 per cent, and sell on a p.e. of 5.8.

The new Basingstoke factory will gradually become operational in the second half and margins will return to more normal levels.

Turnover for the year was 18 per cent higher at £16.2m.

The changeable weather in the summer resulted in dry cleaning sales rising up well compared with the poor trading weather in recent summers.

The cleaning division had a very satisfactory half while the textile division broke even in a period of great trading difficulty for the industry.

Although the exceptional rate of progress of the first half may not be maintained for the remainder of the year, directors are confident of a substantially improved result for the year, given stable trading conditions. Profit last year was record £2.88m.

Earnings per share are stated at 6.6p per share against 3.7p last year, and the interim dividend is up from 1.35p to 1.75p per 25p share. A supplemental 0.0488p is proposed for 1976-77, when the total payout was 4.1988p.

Sales
Proprietary
Trade profit
Interest before tax
Tax
Net profit
Dividends
Extraordinary credits—net
Preference
Ordinary
Dividends
1 Debit.

Mr Gerald Wightman, chairman, says the company has been increasing its share of the industrial workwear market, which he estimates is very much brighter and I am reasonably optimistic about the year ahead.

Shareholders are being offered a 15 per cent discount on the new Arenson subsidiary Arvin's range of bedroom and dining room units.

Arvens shows net current assets at July 31 ahead from £0.5m. to £1.04m. stemming mainly from a rise in stocks from £2.8m. to £3.5m., an increase in debtors from £1.53m. to £2.46m. and a reduction in overdrafts from £0.22m. to £0.24m. Creditors were up from £2.03m. to £2.47m.

In the year there was a 20.4m. increase (£0.4m. decrease) in working capital.

At present, demand for group products is up to expectations and Mr. Arvenson is confident of further improving the situation with the extra sales and marketing efforts being made. No major difficulties which could restrict the re-introduction last March of the production are expected, he says in his report with the accounts.

The half-year's turnover of the group (processors of vegetables on the same scale as the 80 per cent rise in £2m. of last year, net major capital spending is planned in good order.

Rapid inflation and inability to recover the full effect of cost increases squeezed margins last year, when the group turned a profit from £45.000 loss in a £470,000 profit.

Nevertheless, despite all these difficulties, the overall picture is

now very much brighter and I am reasonably optimistic about the year ahead.

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Nevertheless, despite all these difficulties, the overall picture is

Sketchley first half jump

TAXABLE PROFIT of dry cleaning and industrial laundry rental group Sketchley jumped 69 per cent to £1.8m. in the six months to September 30, 1977.

Directors say the UK overall

market

sales

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revenue

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Ropner up midway but still sees shortfall

HEMING RIBS Julie forecast new profits for 1977/78. Mr. Ropner, chairman of Ropner, tells his investors he is in a better position than after the early items, which include a loss on the sale of an investment, the net available balance not be very different from record £1.8m, achieved in the last year.

He sees a substantial advance in engineering division—£684,000 to £975,000 at current level—and higher investment profits before tax up from £1.25m to £1.85m in the months ended September 30. Profits from the shipside business from £287,000 to £300,000, while insurance profits are much heavier at £201,000 at £95,000.

Her interest charges on ship loans will have to be borne in the second half, the chairman points out.

Chairman reports that the company entered service in March and will therefore contribute profit in the second half.

m.v. Stonepool (45,000 ton carrier), now ready after a long period under repair, paid a loss for the first month in view of the very market, she will continue to lose during the second year, Mr. Ropner.

He looks forward to further growth in profits for the year, the engineering division, subject to seasonal factors profits

are lower than those in the six months.

Insurance broking has increased, the result of new benefit from new gains which were obtained.

On property side profits on sales in the first half insufficient to cover interest and expenses. Result for full year will depend upon volume of further sales which chairman states the chairman's interim dividend is increased from 8.55p to 10.65p and the directors say that intend to pay the maximum permitted total for 1976/77 a yield of 6.7 per cent. at 40p.

a

Macdonald Martin

Decline in Ropner's shipping

on has accelerated in the last that its mixed bag of other

is finding it increasingly difficult to cushion the effect which has repeated itself that full year profits

a

Nationwide Leisure confident

ectors of Nationwide Leisure from £135,500 to £241,175 in the net

confident of coping with year to October 31, 1976.

and more competitive

economic measures, and

making the company further

its growth, Mr. John

the completion of the EGW ad-

ditional

cessful growth has been

ed through sound and

commercial decisions he

The greyhound stadia were

at the top of the market

of the spectator ca-

casino, the Surrey Caravan

was bought at the high

operating costs have been

reduced by its conversion.

We still have terrific

potential in assets we are

holding," Mr. John adds.

recent acquisition of Mild

Developments will provide

reassuring base in the

when the site owned by

company in South Wales is de-

stroyed.

First half earnings are shown to

be ahead from 1.03p to 1.15p per

recently reported taxable 10p share and the interim divi-

idend is lifted from 0.5p to 0.65p.

a

Midterm increase by Sekers

turnover of £2.33m, raised

gross profit of 10.2 per cent

international trade from £118,600 to

£132,500 for the half year to Sep-

tember 30, 1977, subject to tax

of £63,000 compared with £58,000.

The directors say they expect an

increase in trading profits for the

full year.

First half earnings are shown to

be ahead from 1.03p to 1.15p per

share and the interim divi-

idend is lifted from 0.5p to 0.65p.

a

advanced from £582,000 to £507,000 for the half year to September 30, 1977.

The interim dividend on the

50p shares is listed

from 2.5p to 4p and additional 0.088p is also declared for 1976/77. Last year's total was 8.45p paid from pre-tax profits of £522,158.

TO-DAY:

Interims: Edgar Allard, Railko, Alfred

Harrison, British

Properties,

Electrical, Metal Box, Marks International

Frost, Rapier, Scottish and Universal

Woolmark, Gossamer, Tunnel Holdings, J. O. Walker.

Plastic Products, Wade Pre-

pared, Worldwide Foods, Wade Pre-

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

U.S. CORPORATE PROFITS RISE

Wall Street's stony face

BY JOHN WYLES IN NEW YORK

EVERY SILVER lining, as we know, has its cloud, and a 10.3 per cent increase in the after-tax profits of American corporations in the third quarter of 1977 over the same period last year has not been good enough to dispel some anxieties that the U.S. economy could be running into more difficult weather next year.

To a large extent this is why Wall Street remained stony-faced during the months of October and November, when a number of large corporations were reporting record or near record earnings—and boasting their regular dividends as a result. Such news is always welcome, but investors have their eyes firmly fixed on the near- and medium-term, and many are doubtful that corporate profits are as robust as may at first appear.

A number of large corporations have reported record or near-record earnings in recent weeks, and have raised their regular dividends as a result. But investors have their eyes firmly fixed on the near- and medium-term, and many are doubtful that corporate profits are as robust as may at first appear.

The weight of "evidence" is finely balanced, as has been the case for much of this year in arguments over the future of the U.S. economy. The administration expects a real growth rate next year of 4 to 4.5 per cent, and recent statistics on consumer spending indicate that the economy may finish this year on a rising note. But, ask the nervous, how secure is such a growth rate when inflation is running at between 5 and 6 per cent, and potentially squeezing corporate profits from one side, while rising interest rates could provide pressure from another quarter?

The Commerce Department's figures of third quarter profits offer material to both sides of the occasionally heated and politically important debate on Although Citibank is generally

quarter-to-quarter fall since the harder to come by, because its sales were up the relatively large amount of some 13 per cent on last year's third quarter profits was better in that the proportion attributable to stock appreciation fell from about 17 per cent, in the second quarter to about 5 per cent, in the third.

Losses reported by Bethlehem Steel must also be borne in mind. According to Citibank's survey on third quarter profits, Bethlehem's \$54m. loss (incorporating a \$750m. write-off for plant closure) depressed the aggregate figure from about 12 per cent to just 10 per cent higher than the year before.

Citibank calculates that manufacturing companies' profit mar-

ket share for each of the last three months of 1976.

However, Commerce Department economists are pointing out that the quality of the third quarter profits was better in that the proportion attributable to stock appreciation fell from about 17 per cent, in the second quarter to about 5 per cent, in the third.

General Motors drew attention to this difficulty last month, when President Carter has been working on for some time, but on which no decisions have yet been taken. Business, as represented by the business council, is pitching for cuts in the region of \$22bn., and the rapidly emerging feeling is that a handout of this order, specifically directed at business, will not be needed to ensure that the economy does not falter, and slip back from a 4.5 per cent growth rate towards the end of next year.

Gulf and Western denies Bohack allegations

NEW YORK, Nov. 22.

GULF AND WESTERN Industries denied allegations in a suit filed in New York State Court that it contributed to the financial collapse of Bohack Corporation in 1974, reports Reuter.

The suit, filed against Gulf and Western and its chairman, Mr. Charles Bluhdorn, among others, alleges that the 1974 tender offer by Gulf and Western for 15 per cent of the Great Atlantic and Pacific Tea Company contributed to the financial collapse of Bohack in 1974.

The suit, which seeks \$86m. in damages, alleges that Mr. Bluhdorn through his seat on the Bohack Board and his ownership of 22 per cent of Bohack's shares, controlled Bohack that he used its financial resources in the Gulf and Western tender bid for Great Atlantic's common

Bohac has been operating under Chapter XI bankruptcy, and has creditors seeking about \$50m.

The Bohack suit further alleges that during the Gulf and Western tender for Great Atlantic, Mr. Bluhdorn disposed of his stock and withdrew Gulf and Western's support in obtaining financial credit for Bohack.

A Bohack spokesman said that Mr. Bluhdorn owned about 15,239 Bohack shares, and besides his seat on the Board had three of his nominees on the Bohack Board.

A spokesman for Gulf and Western, in response to the suit, said that it contained erroneous information and that Gulf and Western would "go to court as quickly as possible and take on the preference stock will be every conceivable step to put to no less than \$2.00 per share."

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STOCK EXCHANGE REPORT

Gilt-edged lower on unsettled financial background

Leading equities above worst with index 3.5 off at 471.8

Account Dealing Dates

First Declaration Last Account Dealings Day Nov. 14 Nov. 24 Nov. 25 Dec. 6 Nov. 18 Dec. 8 Dec. 9 Dec. 20 Dec. 12 Dec. 29 Dec. 30 Jan. 11

"New time" dealings may take place from 9.30 a.m. two business days earlier.

Disagreement among commentators about the need for the authorities to counter the recent sharp growth in bank lending undermined confidence further in financial markets yesterday and led to another broad list of falls in British Funds.

In a one-way market with no willing takers of stock, prices in the early trade were showing falls to 11; after being trimmed to 11 after a quiet business: short-dated issues saw more activity and ended with falls to 11, after a full point, with settlement distributed. One leading broker can "see an increase in Minimum Lending Rate," the 2-month Treasury Bill rate yesterday moved to a level which, if renewed at Friday's tender, would lead trigger an increase from 5 to 5½ per cent. in MLR.

The Government Securities index shed 0.50 to 75.12 for a four-day loss of 2.59, or 3½ per cent., yesterday's fall once again exceeding the actual amount of stock on offer. The same was true in leading shares which closed well above the day's lowest on cheap buying and bear closing.

After having opened lower in expectations of a weak gilt-edged market, the leaders met small selling in a better trade than recently before settling some resistance in the late afternoon and after-hours' business. This was illustrated in the F.T.-share index losing 7.7 by 11 a.m. and virtually holding until 2 p.m. and closing a net 3.5 down at 471.8.

Closing falls in the constituent shares ranged to 6, but were mostly confined to a couple of periods, while a few ended with small net rises. So-called first feature outside of the leaders usually involved the more speculative counters and the fall-rises ratio in F.T.-quoted industrials expanded to 13.2 from Monday's 2.1.

Further widespread losses in the F.T.-Actuaries indices averaged out at 1.1 per cent., the loss in the All-share at 204.70, while miners' rates fell, though not in line with falls of 2.4 per cent., while continuing worries about profit margins left the Food Retailing sector index down 2 per cent. at 194.31; Tesco's interim figures are due to be announced to-day.

Gilts down afresh

Already overshadowed by interest rate fears, British Funds were unsettled further yesterday by a circular from stockbrokers, J. Greewell, suggesting that minimum lending rate is too low to ensure effective control of the money supply. Short-dated issues were referred back to day before about 11 at the opening, but stock still came on offer at the lower levels and initial losses were extended to 1 and occasionally more. A subsequent rally, how-

ever, left final quotations above the worst with falls ranging to 88 to 123p in response to a 132p cash offer from Mecca.

Comet Radio jump

The feature of Electricals was Comet Radios which jumped 14 to 150p on the sharp rise in preliminary profits and proposed 50p per cent. scrip issue. Elsewhere, the leaders picked up well from initial easiness. GEC closed 104 per cent., 1985, fell to 81p, for the £10 paid stock, but Bristol Variable, 1982, firmed 1 to 100p.

In another very quiet day in the investment currency market, small institutional buying and arbitrage offerings were fairly well balanced. The premium opened around 100, fell to 87p before ending a net 3 lower at 170p in front of to-day's unchanged balance at 100 per cent., yesterday's SE conversion factor was 0.7182 (0.718).

Hambros easier

Following the recent gloomy interim statement from fellow Merchant Bankers Mercury Securities, down a penny more at 122p, Hambros drifted down 5 to 120p, the latter reflecting the actual amount of stock on offer.

Higher interest rate fears continued to depress Hire Purchases and fresh falls of around 3 were seen in Wagon Finance at 98p, Cattle Holdings at 35p and Lloyd's and Scottish at 101p. Discounts eased in sympathy with gilt Alexander stocks to 235p and Commercial Industrial 4 to 129p. Home Banks gave a little ground in this trading.

After Mondays' quiet debut, more interest was shown yesterday in Commercial Union new paid shares which closed 1 higher at 49p premium; the old were a like amount dearer at 132p. Other Composite Insurances were steadier and generally held their overnight levels. Brokers however turned easier with Willis 7 down at 268p, and Alexander Mortimer 5 at 157p, the latter following details of the \$12m acquisition of a U.S. insurance broking concern.

Breweries lost ground despite a broker's bullish forecast. Arthur Guinness down 4 at 183p, were not helped by news of its big investment programme. Bass Charrington gave up 2 at 151p, while Allied 87p, and Whitbread "A", 88p, shed 2½p. Whisky shares ran into light profit-taking. Distillers' losing 3 to 165p and A. Bell 4 to 205p, while Wm. Wadsworth shed 8 more to 410p and John Laing A cheapened 6 to 143p, while Richard Costain gave up 4 more at 258p. Marchwiel came on offer at 230p, down 8, and falls of 5 and 6 respectively were recorded in Magnet and Southern at 193p and AP Cement at 235p. Comment on the interim results left BAT a penny off at 351p.

ICI remained a nervous market ahead of Thursdays third-quarter figures, drifting lower on small falls to 108p before rallying later to finish only a penny down on balance at 102p. Elsewhere in Chemicals, Federated declined 3 to 75p, awaiting further news of the bid approach.

Foods recorded fresh losses throughout the list. Associated Dairies' share 3 at 235p, while Bishop's Stores 200p, and British Sugar, 130p, lost 10 after Paris Farm were lowered 15 to 385p, while other dull spots included Geo. Bassett, 5 off at 140p and J. B. Eastwood, 6 cheaper at 96p. Associated Biscuit at 88p recouped the previous day's fall of

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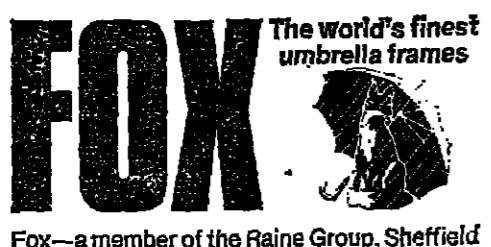
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Fox—a member of the Raine Group, Sheffield

FINANCIAL TIMES

Wednesday November 23 1977



The two Concorde's, side by side at Kennedy Airport.

Concorde's twin triumph

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS and Air airport authorities. France Concorde to-day began regular commercial passenger services between London and Paris and New York with the fastest time yet achieved for the west-bound Atlantic flight.

The British Airways' aircraft took three hours 23 minutes for the 3,500 miles, less than half the time taken by subsonic jet airliners.

The previous fastest supersonic time on a commercial North Atlantic flight, to Washington from London, was three hours 29 minutes, while the scheduled time to New York yesterday was three hours 45 minutes.

The two aircraft belonging to British Airways and Air France each touched down at Kennedy Airport within a few minutes of each other, and the Air France Concorde, which had taken three hours 38 minutes from Paris, landing first by prior arrangement.

They were greeted with only a muted reaction from the environmental lobby, which had earlier predicted that it would do all it could to disrupt the flights.

The few scattered objectors around the British Airways' terminal were no problem to the

aircraft was expected to earn more revenue for British Airways in the next four months than in the whole of the previous year.

"With the introduction of new Concorde services to New York and soon to Singapore, in addition to the current operations to Washington and Bahrain, Concorde's revenue will increase from £8m. in 1976-77 to £20m. in the year to March 31, 1978," Mr. Stanton said.

"The increase in services together with the subsequent planned build-up in frequencies, are expected to earn British Airways revenue of about £11m. during the next four months."

Elation

In Singapore, British Airways said that the inaugural London to Singapore flight by Concorde next month was fully booked.

In London, an all-party motion congratulating the British Aircraft Corporation and British Airways "for their resolution and skill in confounding their critics and defeating their opponents" was tabled in the Commons.

Flights to Singapore would start on December 9, to follow not long afterwards, it was Commonweal.

Mr. Robert Adey, Conservative

MP for Christchurch and Lymington, British chairman of the British-French Concorde group and one of its principal signatories, said: "My position is one of tremendous elation."

"I have held my breath for the last two weeks and not wanted to cheer too loudly too soon."

Figures from the Department of Industry show that by the end of 1978 Concorde will have cost the British taxpayer £834m.

The spending figure is made up of manufacturers' development costs of £504m. from 1962 to the end of last year, another £61m. from January this year to the completion of the Concorde programme by the end of 1978, and £369m. in total production costs to the end of next year.

For the third week running Russia's Aeroflot Airlines cancelled the scheduled flight of its new TU-144 supersonic airliner.

There have been no flights on the Moscow to Alma-Ata route since passenger services opened on November 2 with an inaugural run that carried mostly reporters.

Aeroflot said the flight was cancelled through weather conditions in Alma-Ata, 2,000 miles south of Moscow, and would be rescheduled for tomorrow.

Atlantic air losses Page 3

IMF may raise quota demand

By Robert Mauthner

PARIS, Nov. 22.

THE INTERNATIONAL Monetary Fund—increasingly worried about its liquidity position—may ask the member States to approve much higher new quota increases than it originally demanded.

The IMF's request is reported to have been made at a meeting of the Deputies of the Group of Ten highly industrialised States here to-day.

Though the chairman of the meeting, M. Jacques de Larosière, head of the French Treasury, declined to give any details of the discussions, it was believed that the IMF was seeking quota increases of between 50 and 100 per cent.

At a preliminary meeting of the Group of Ten deputies in Paris earlier this year, IMF representatives said they were prepared to accept increases of no more than 30 to 50 per cent. A quota increase effectively raises the resources available to the IMF for future lending.

Several members of the group, particularly the U.S., W. Germany and Canada, are now believed to be in favour of a postponement of the next round of quota increases until both the quota increase of 32.5 per cent. already agreed is fully ratified and the \$100 billion credit facility—which the IMF plans to use to assist poorer member nations with balance of payment problems through increased oil cost—comes into effect.

The U.S. Administration is increasingly convinced that it would be imprudent to ask Congress to approve the Witteveen facility—the proposed new quota increase. President Carter's energy programme and the new Panama Canal Treaty all at the same time.

Thus the Witteveen facility might not be submitted for Congressional approval until the autumn of next year, which could delay its implementation well beyond the present target date of mid-1978.

The problem is due to be discussed by the IMF Interim Committee in Mexico City in April and the sources said that a meeting at ministerial level would probably be required before or during this meeting if the quota increases were to be agreed on schedule.

European steel industries fear rise in imports

BY DAVID BUCHAN AND ROY HODSON

PARIS, Nov. 22.

THE CONTINUING deterioration in the international steel market, causing fears that the British into Spanish steel tube imports and Continental steel industries to the Community, will suffer further from a rising tide of cheap steel from other extend his present crisis programme for European steel into

Steel imports into Britain, 1978, and to raise by 15 per cent France, and West Germany next year the minimum guidance price in recent weeks, line prices on half-a-dozen basic and a number of customers have steel products. He says that only given notes to EEC stimulators can include British Steel, that steel companies, nearly all of which intend to buy more which are losing money, return sharply from other sources.

Viscount Elton Davignon, the EEC Industry Commissioner, is meeting considerable resistance to a plan he unveiled to the Council of Ministers in Brussels yesterday to raise minimum prices for EEC-wide steel next year.

Both industry and Government sources from member-nations protest that the market is too weak for price rises. Mr. Edmund Dell, the Trade Secretary, said that higher prices would suck in more imports.

The EEC is being hit particularly hard by steel imports from Comecon countries and Spain to the Commission's plea that EEC governments surrender next year 32m European units of

British Steel is likely to announce a half-year loss of some £200m. later this week.

Both the chairman, Sir Charles Villiers, and the deputy chairman, Mr. Bob Schobes, have visited Brussels this week. They are thought to have warned Viscount Davignon anew of the serious threat to the British steel industry posed by falling sales and competition from low-priced imported steel.

Ministers gave a cold reception to the Commission's plea that EEC governments surrender next year 32m European units of

Japan to give data Page 7

Unsettled gilts fall back again

BY MICHAEL BLANDEN

PRICES of gilt-edged stocks fell again yesterday in markets unsettled by growing fears of a renewed rise in short-term interest rates.

The uncertainties were increased by arguments in the latest bulletin from the stockbrokers W. Greenwell that short-term rates might now be too low to enable the authorities to keep control of the money supply.

After being marked down sharply early in the day, gilt-edged prices recovered somewhat later.

At the short end of the market there were falls of up to 1% at the close, while long-dated stocks ended up to 1% points lower after being 1% down at one stage. The FT Government securities index dropped 0.80 to 73.13.

The uncertainties were reflected in nervous conditions in the money markets, where rates rose quite sharply.

Treasury bills were being traded at levels which if maintained at Friday's tender would indicate a rise in MLR from its present 5 per cent.

But it was pointed out that it was still early in the week to read too much into a movement largely prompted by Press comments on the possibility of higher rates.

The first short-term variable rate bonds were issued by a number of local authorities. The Bank of England gave permission for these issues at the end of last week, following the moves earlier this year to allow issue of variable rate stocks for five years or more.

The pound weakened in line with the dollar, ending at

\$1.8150, up five points, but with its trade-weighted index against other currencies falling to 63.2, against 63.7.

• James Barlow writes: The price of gold fell \$1 to \$165 per ounce in London yesterday, bringing an overall fall of \$1 in only nine trading days.

This major reversal of the strong upward trend this year has come as a surprise to most dealers, who are used to the gold price moving more steadily.

Many analysts blame the increasing importance of the American forward markets in gold. These attracted much more business than previously over the summer months, partly because Wall Street and the dollar were weak.

Consolidated Goldfields, the international mining finance house, said yesterday: "The

futures market definitely sparked off the decline."

And the fact that investors in the futures markets deal on margin has exacerbated the fall.

If the price falls by as much as the margin, then the investor has to sell unless he can provide more capital. A particularly big bull position was built up in the December position, which is now being closed.

The partial recovery of Wall Street is generally agreed to be another cause of gold's set-back.

But more contentious is the significance of President Anwar Sadat's visit to Israel. Some dealers believe that there has been nervous buying of gold after recent fighting in the Middle East, and that these purchases dried up after the Sadat trip.

Continued from Page 1

Scotland Bill vote

votes in similar divisions as a protest. Therefore, on this central issue, the Government had not been upheld by the House.

After the division, Mr. David Steel, Liberal leader, said the clause made no statutory difference to the Bill. "Whether the clause was better in the Bill or not was a matter of opinion. We took the opinion that it was better not to put it in the Bill."

However, Mr. Francis Purnell, Conservative Devolution spokesman, claimed that the clause was central to the whole Bill. The Government, he argued, had maintained the status quo and the last that the proposals in the Bill did not affect the unity of the U.K. and the sovereignty of the Parliament. But now the debate in the Commons had declared by its vote that this was not the case.

Continued from Page 1

Relations between members of the FBG and fire officers who are free to negotiate higher rates. In one case, a dozen soldiers have been sleeping in a 12 feet by eight feet hut.

Parliament Page 10

'Shocked' Polaroid stops sales to S. Africa

BY JOHN WYLES

NEW YORK, Nov. 22.

POLAROID CORPORATION is to abandon direct sales to South Africa after being "shocked" to learn that its sole distributor there has been selling the company's products to the South African Government.

Polaroid's decision, announced this morning, ends an 18-year relationship with its distributor, Frank and Hirsch Pty. and comes within a week of being presented with embarrassing evidence that the South African Government had been supplied with its products.

Under the terms of the so-called "Polaroid experiment" Frank and Hirsch agreed in 1971 not to make any of the U.S. company's products available to the Government.

Evidence that this agreement was being violated was apparently presented to Polaroid last week by the Boston Globe, a newspaper with a large circulation in the area of the company's headquarters at Cambridge, Massachusetts.

The paper had obtained from Mr. Idris Naidoo, a former employee of Frank and Hirsch, photocopies of sales invoices to the South African Government.

Mr. Naidoo was at one time detained on Robben Island.

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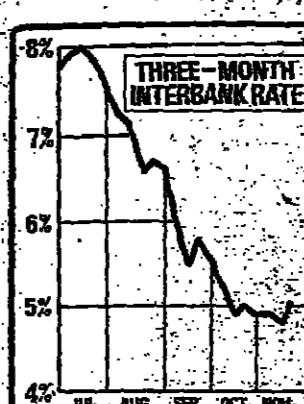
Regardless of whether the authorities really believe the M3 growth rate in itself calls for higher interest rates, they face a problem of expectations.

Nervous investors will not buy Government securities—the new long tap is something like 5 points too high for this market. And banks worried about the reimposition of the corset may start artificially piling up their balance sheets.

So if the authorities are reluctant to raise MLR and drag the tap price, they may have to give positive hints in order to overcome the market's anxieties.

Monetary jitters in the markets

Index fell 3.5 to 47.8



rowing to shareholders' funds to below 50 per cent. With bank overdrafts refinanced by £1bn. of seven-year loans, the agreement is that the new money should give JFB room to manoeuvre, and it looks as if the group has its eyes on some form of expansion overseas.

The U.S. is on a fashionable possibility.

At an issue price of 50p the new shares yield an attractive 14 per cent, but the other side of the story is that a 50p issue can be an expensive way of raising money, particularly for a group such as JFB which had unrelieved ACT of £1.5m. last year. The market is interpreting JFB's promise of satisfactory 1978 results as pre-tax profits of about £1.5m.—an increase of over 20 per cent on 1977, with almost all of the increase coming from the recently acquired British Roll-makers.

Midland Bank has a 50p issue in the market, which is in some ways similar to JFB's, though it is not as successful as the latter. The Wilson Committee, first, is that wealth is accumulating in institutions, but they can no longer invest in small companies.

Second, is that the manager, who is unique to British companies, only with a small part of those companies' financial needs.

Midland, the NCB and 50 clients?

They are aiming their at medium sized quoted companies, but Equity Capital Industry, Finance for the National Enterprise and others are all eager to service here and the experience suggests it will attract people and firms.

Frank and Hirsch, which has distributed up to £4m. of Polaroid products a year, became the vehicle for this policy.

In addition, part of Polaroid's profits from South African sales, about \$500,000 a year, has been devoted to African education.

Our Johannesburg correspondent writes: Mr. Helmut Hirsch, managing director of Frank and Hirsch, confirmed that two senior representatives of the U.S. company had just visited Johannesburg. He announced that he would be flying to Boston with a fellow executive within the next few days for a meeting with Polaroid.

The rights issue should reduce the proportion of bor-

ders.

Lending opportunities may be scarce for merchant banks, but balance sheet muscle can still count for a great deal in fresh periods of plummeting interest rates.

That much is clear from Hambros' half-time indication of a "substantial" rise in profits during a six-month period to the end of September which included virtually all the fun in the gilt-edged and money markets, before they flattened out in October.

The Hambros' statement echoes the buoyancy of several other institutions from smaller accepting houses like Brown Brothers, though it contrasts with last week's disappointing story of Hill

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